



## CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR 1991-92

**MEETING DATE:** April 7, 1993

**PREPARED BY:** Finance Director

**RECOMMENDED ACTION:** That the City Council receive for filing the following reports submitted by the City's auditors (KPMG Peat Marwick) for the fiscal year ended June 30, 1992:

- \* Management Letter dated November 9, 1992
- \* Independent Auditor's Opinion for City Investments
- \* Single Audit Report
- \* Comprehensive Annual Financial Report (CAFR)

**BACKGROUND INFORMATION:** The City Council annually engages the audit firm of KPMG Peat Marwick to audit and review the City's financial records and internal controls for fairness and completeness in accordance with generally accepted accounting standards and compliance with applicable laws and regulations under which the City must comply for Federal financial assistance. In addition, the City Council receives a Management letter in which the auditors report their findings with respect to the City's internal controls and significant operational matters. Finally, the auditors prepare a report to the City Council to confirm that they have reviewed the City's Investment Policy and whether the City's funds are being invested in accordance with the approved policy and government code.

### COMBINED ANNUAL FINANCIAL REPORT

The Combined Annual Financial Report (CAFR) was prepared by City staff in accordance with standards set by the Government Accounting Standards Board and is presented in four sections to assist the reader understand and analyze the City's financial condition. These sections are:

- \* **Introduction** - Includes Finance Director's comments, economic conditions and outlook, major initiatives, and pertinent financial information, management actions and financial controls.
- \* **Financial Section** - Includes the Independent Auditor's Report, the General Purpose Financial Statements and footnotes to these statements which are normally very informative to the reviewer.

APPROVED: \_\_\_\_\_

THOMAS A. PETERSON  
City Manager



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- \* **Supplemental Financial Statements** - Includes detailed financial statements and budget performance by fund and by activity (General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, Enterprise Funds, Internal Service Funds, Trust And Agency Funds, General Fixed Assets and General Long Term Debt.
- \* **Statistical Tables** - Includes unaudited information and statistics needed to evaluate the City's long term financial condition and capacity.

The purpose of the audit is to:

- \* Assure taxpayers, the City Council, investors and creditors that the financial statements have been corroborated by a qualified third party and they do in fact represent the financial condition of the City in accordance with "generally accepted accounting principles".
- \* Assure the City Council of staff accountability in the execution of the budget as approved by the City Council.

In the course of the audit, the auditor's conduct test, take samples and review financial transactions and reports of City staff. From this information, the auditors express an opinion as to the conformance of the financial statements with "generally accepted accounting principles" and as to whether the internal controls are such that they provide a reasonable but not absolute assurance that the City's assets are safeguarded against loss from unauthorized use or disposition. It is not the auditors responsibility to accomplish the following:

- \* Assume responsibility for the preparation and accuracy of the financial statements. The City is ultimately responsible for the financial statements. It is the auditor's role to express an opinion on management's assertions as to financial condition.
- \* Assure users that the City's financial statements and all information in the statements are accurate. The auditors do the work necessary to provide reasonable assurance that the financial statements are not materially misstated.
- \* Examine all transactions and events reflected in the City's financial statements. Rather, they use samples of transactions and events on a test basis to evaluate the transactions and events in the financial statements.
- \* Detect all possible fraudulent activities that might occur during the fiscal period. The audit is designed only to detect those irregularities that could have a material effect on the fair presentation of the financial statements.

This is the second year which the City has prepared a Combined Annual Financial Report (CAFR) and the first year the report has been submitted to the Government Finance Officer's Association for evaluation under the "Excellence in Financial Reporting" program. The results of the evaluation should be known by early summer. The City benefits from this evaluation program by receiving a detailed analysis of the CAFR and by suggestions for improvement, by recognition if and when the report meets the standards set by the accounting profession, and assures lenders, investors, Council, management and citizens that the financial information reported in the CAFR is complete and fair.

Specially noteworthy, the City staff for the first time received an audit opinion which assures the City Council and citizens of Lodi that all conditions for fair and complete reporting has been met. This is referred to in the accounting profession as an "unqualified opinion".

#### **SINGLE AUDIT REPORT**

The "Single Audit Report" is mandated by the Federal Government for agencies receiving federal financial assistance and reports the result of the audit in accordance with "general accepted government accounting standards" set by the United States Office of Management and Budget. The intent of the audit is to assure the public that the City is in compliance with Federal laws and regulations governing the use of Federal funds.

#### **MANAGEMENT LETTER**


The auditors have a reporting responsibility to report weaknesses in internal controls, including material weaknesses, discovered in the course of the audit. These weaknesses are reported under separate cover to management and may or may not be made available to the public. Lodi has for many years fully disclosed this report to assure the public of the honesty and integrity of the City's in the management of their funds. Attached to the Management Letter is the staff recommendations and actions needed to correct the findings of the auditors.

#### **INDEPENDENT AUDITOR'S REPORT**

Due in part to significant investment losses by local government agencies in recent years, the auditor's are now required to review the investment policy and investments of the City and report whether the City's investments are in accordance with the Council policy and government code. This report is not intended to tell the Council whether the City's investments are prudent, provide the best possible yield, are safe from loss, or the highest degree of liquidity as possible.

#### **FUNDING**

None

  
Dixon Flynn  
Finance Director

#### **Attachments**

Comprehensive Annual Financial Report (June 30, 1992)  
Single Audit Report  
Management Letter  
Independent Auditor's Report

## MEMORANDUM

March 18, 1993

**TO:** Thomas A. Peterson, City Manager

**FROM:** Dixon Flynn, Finance Director

**SUBJECT:** MANAGEMENT LETTER (1991-92 AUDIT)

### RECOMMENDED ACTION

1. That the City Manager receive for the Management Letter submitted by KPMG Peat Marwick, the City's audit firm, resulting from the audit concluded on November 9, 1992 and submit to the City Council for file at the Council meeting scheduled for April 21, 1993.
2. That the City Manager approve the recommended corrective actions and that they be placed before the City Council for discussion and funding during budget hearings to adopt the 1993-94 Budget.

### BACKGROUND INFORMATION

In the process of obtaining evidence needed to express an opinion on the presentation of the City's financial statements, the City's auditors have discovered weaknesses in the City's internal control structure which they are required to report to the City Council. If these conditions had been of such significance that they would have resulted in a material misstatement of the City's financial reports or internal controls, they would have been disclosed in the auditors opinion. Fortunately, this is not the case and accordingly, these findings have been reported in the attached Management Letter.

### RECOMMENDED CORRECTIVE ACTIONS

#### Fixed Assets

1. A Property Management and Accounting Policy will be prepared and submitted to the City Council for discussion, guidance and approval to identify the City's property management policies and procedures and which will also identify the classes of assets to be tagged and inventoried.
2. Identification tags have been ordered to tag and identify assets which will require identification under the policy recommended above.
3. A Capital Project and Purchasing Policy will be prepared and submitted to the City Council for discussion, guidance and approval to identify policies regarding the planning, budgeting, accounting, control, and reporting on capital projects and purchases to be capitalized in the City's fixed asset accounts.

#### Self-Insurance

1. The City should contract with the City's audit firm for a review of the City's self-insurance programs, to include worker's compensation, liability, property damage and third-party administrator(s) to determine the adequacy of the budget and management controls, policies to include reserve policies, record keeping procedures and claim processing.
2. During the review recommended above, the auditor should also review the City's safety programs, policies and procedures as to adequacy and make recommendations needed to improve control and reduce the increasing costs arising from injuries. Estimated cost of both reviews is \$10,000 to \$15,000.

#### **Deficit Spending**

1. The City Manager will develop and recommend long-term policies and plans to the City Council for adoption to correct the long-term trend of deficit spending in the general fund. This will include policies such as:
  - \* Privatization
  - \* Contracting for services with service contractors and other public agencies
  - \* Growth control of staff and employee compensation
  - \* Promotion of efficiency and performance management
  - \* Cut back management
  - \* Revenue management
2. In the current year, the City Manager and City Council have been conducting a series of meetings with the staff and citizen groups to review options available to control and/or reduce costs and services.

#### **Electronic Data Processing System**

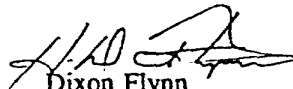
The City should contract with a qualified consultant to review the Data Processing Function of the Finance Department to evaluate data processing systems, to determine the most cost effectiveness between options, and to recommend strategies and programs to provide data processing/information systems to City users now and into the future. Estimated cost of the contract is \$15,000 to \$25,000.

#### **Budget to Actual Reconciliations**

The City Manager will develop and recommend financial policies to ensure the City's budgeting and financial reporting and accounting are conducted on a basis to allow comparability and in accordance with "generally accepted accounting principles".

#### **Review of Investment Compliance**

The donations and bequests made to the Library will be placed in a trust account to be administered by rules and policies established in the Trust Agreement established between the City and the Library Board. On approval of the Agreement between the City Council and the Board, the funds will be exempt from the City's general investment policies. This will in effect correct for the finding made by the City's auditors.

  
Dixon Flynn  
Finance Director

Approved

Thomas A Peterson  
City Manager



Peat Marwick

Certified Public Accountants

2495 Natomas Park Drive  
Sacramento, CA 95833-2936

November 9, 1992

The Honorable Members of the City Council  
City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California (City) for the year ended June 30, 1992, and have issued our report thereon dated November 9, 1992. In planning and performing our audit of the general purpose financial statements of the City we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. We have not considered the internal control structure since the date of our report.

During our audit we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. These comments and recommendations, all which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies, are summarized as follows:

#### Fixed Asset

During the performance of our audit procedures on fixed assets, we observed the following:

- Fixed assets are not specifically tagged for identification.
- Construction in progress and fixed asset records in most cases did not list the assets individually but rather stated monthly expenditures for fixed asset items with no descriptions for the items acquired.
- No written policy for capitalization of fixed assets exist. A written policy provides guidance to accounting personnel and enhances consistent recording of fixed asset acquisitions.

We recommend the City implement the following suggestions:

- Assign a fixed asset number to machinery, equipment and vehicles when purchased and record on a fixed asset listing the asset number, description, dollar value, purchase date and estimated useful life. Detailed supporting documentation including the approved purchase order, vendor invoice and check copy should be maintained. A periodic inventory of fixed assets should be taken and compared to the detailed listing. This could be done by the department heads and then randomly audited by the Finance Department.



Member Firm of  
KPMG Peat Marwick Goetz

- Prepare a comprehensive fixed asset report based upon fixed asset expenditures. Supporting documentation should be maintained to support these amounts and their authorization. This report should be reconciled to the general ledger monthly.
- Maintain a file for all construction in progress. This file should include resolutions authorizing the construction, a copy of the construction contract and support for all expenditures which are capitalized into construction in progress.
- Develop a written capitalization policy which describes assets to be capitalized and establishes a minimum dollar amount for capitalization.

The recommendations will result in improved accountability and record keeping of City assets they will also increase the accuracy of City records and provide enhanced safekeeping of City assets.

### **Self-Insurance**

During our review of the self-insurance area, we observed that there has been a dramatic increase in the number of worker's compensation claims and the amount of the settlements. We also noted that the reserve balance was not reconciled in a timely basis and the monitoring of claims could possibly be improved. Additionally, it was observed that the City has not had an independent review of its self-insurance function.

We recommend that the City have an independent review of its self-insurance function and third-party administrator. We also believe that the City should evaluate and update its current safety programs. A review of the self-insurance function would ensure that adequate controls are maintained over record keeping and claim processing. A strong claims processing function will ensure that all claims are valid and settlements are reasonable based on the injury incurred. By reviewing and updating the City's safety programs, the City should have fewer accidents and reduce the number of claims filed.

### **Deficit Spending**

We observed that the City's expenditures exceeded revenues resulting in deficit spending in the general fund.

We recommend that the City develop short-term and long-term plans to address this problem. The City has minimal general fund reserves and continued deficit spending with anticipated additional state spending cuts, in time, could raise the issue of the economic viability of the City. These plans should consider the feasibility of various options currently being used by other cities to address this problem, such as, redevelopment agencies, special assessment districts, issuance of bonds, performance audits of City's departments, etc. We believe it is critical for the City's long-term economic future that the current trend be reversed.

The Honorable Members of the City Council  
City of Lodi, California  
November 9, 1992  
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#### **Electronic Data Processing (EDP) System**

The City has not had an independent review of its EDP function. It was also observed that the City's general ledger and accounting systems are very old and greatly increase the workload of City employees. A review of the EDP function would check for internal control weaknesses, the adequacy of equipment and software, disaster recovery planning and EDP strategic planning. In addition, the review would provide the City with recommendations in updating its general ledger and accounting systems to a more efficient and user friendly environment.

#### **Budget to Actual Reconciliations**

The budget is a tool that should be used for monitoring the ongoing activity of the fund or function. Currently, the budget is formatted in such a way that it is not easily comparable to the year-end financial statements or monthly financial information. The budget should be prepared in a format that will provide easy access to information for budget to actual comparisons. This will assist in monitoring budgetary control and determining expenditure authorizations.

#### **Review of Investment Compliance**

We were requested by the City to review compliance with respect to the City's investment policy. This policy includes a list of investments instruments which are allowable under current legislation of the State of California (Government Code Section 53600 et seq.). We noted that investments in common stock are not an allowable investment under the prescribed policy. The City's library has obtained common stock through bequests and dividend reinvestments programs. The dividend reinvestment programs are, in effect, the acquisition of stock. The City should consider discontinuing the dividend reinvestment program and receiving only cash dividends or amending its investment policies.

#### **Certificate of Achievement for Excellence in Financial Reporting**

We applaud the City's and especially the Finance Department's efforts in the preparation of a comprehensive annual financial report (CAFR) and applying for the Certificate of Achievement for Excellence in Financial Reporting. Many benefits likely to be realized by a city which submits its CAFR to the Certificate of Achievement review process include:

- **Education** - Governmental units are provided with extensive technical accounting and financing reporting reference material. Officials submitting the CAFR are provided with a confidential list of detailed comments and suggestions for improvements in their financial reporting techniques.
- **Recognition** - The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a governmental unit and its management.



The Honorable Members of the City Council  
City of Lodi, California  
November 9, 1992  
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- **Securities Marketing Aid** - Reports qualifying for a certificate provide a detailed vehicle by which market analysts, investors, potential investors, and others may assess the relative attractiveness of a governmental unit's securities compared to alternative investment possibilities.
- **Comparability** - Since reports qualifying for a certificate employ standardized terminology and formatting conventions, comparisons from one year to the next and among different governmental units is easier.
- **Completeness** - The financial statements, supporting schedules, statistical tables, and narrative explanations required for the certificate help to ensure that all fiscal data are presented that are needed by the many persons and groups with legitimate interest in the financial affairs of a governmental unit. These groups include governing boards, oversight bodies, investors and creditors, grantor resource providers, taxpayers, and others.

#### Operation Letter

Additional suggestions of an operational nature were presented to management under a separate letter also dated November 9, 1992.

\* \* \* \* \*

This report is intended solely for the information and use of the City Council, management and others within the organization.

We would like to extend our appreciation for the assistance and courtesies extended to us by City employees during the conduct of our audit. If we can be of further assistance or if you have any questions, please do not hesitate to call us.

KPMG Peat Marwick



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### Independent Auditor's Report

The Honorable Members of City Council  
City of Lodi, California:

We have applied certain agreed-upon procedures, as discussed below, with respect to the City of Lodi, California's (City) Statement of Investment Policy adopted by the Council Resolution 91-175, as discussed below, solely to assist you in evaluating compliance with that policy. It is understood that this report is solely for your information and is not to be referred to or distributed for any purpose to anyone who is not a member of the City Council or management of the City. Our procedures and findings are summarized as follows:

1. We confirmed the City's investments as of June 30, 1992. We observed no unreconcilable differences between the confirmed investment balances at June 30, 1992 and the recorded general ledger investment balances at June 30, 1992.
2. We read the Statement of Investment Policy adopted by Council Resolution 91-175. The City was not in compliance with the Statement of Investment Policy as to allowable investment instruments as the City's Library investment portfolio included common stock valued at approximately \$135,000 with a cost basis of \$57,085 at June 30, 1992. The library obtained this stock through bequests and dividend reinvestment programs. The investment policy does not identify common stock as an allowable investment.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the specified accounts or terms referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the City's management did not comply with the Statement of Investment Policy adopted by Council Resolution 91-175, except as noted above. Had we performed additional procedures or had we conducted an audit of the Statement of Investment Policy in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts or items specified above and does not extend to any financial statements of the City, taken as a whole.

KPMG Peat Marwick

November 9, 1992



Member Firm of  
Peat Marwick & Co., LLP

**KPMG** Peat Marwick

**CITY OF LODI, CALIFORNIA**

**Single Audit Reports**

**Year Ended June 30, 1992**

**CITY OF LODI, CALIFORNIA**

**Single Audit Reports**

**Year Ended June 30, 1992**

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**INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

The Honorable Members of City Council  
City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California as of and for the year ended June 30, 1992, and have issued our report thereon dated November 9, 1992. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City of Lodi, California, taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*KPMG Peat Marwick*

November 9, 1992



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KPMG Peat Marwick

**CITY OF LODI, CALIFORNIA**  
**Schedule of Federal Financial Assistance**  
**Year Ended June 30, 1992**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA or Grantor's Pass-Through Number</u>	<u>Revenues</u>	<u>Expenditures</u>
<b>MAJOR PROGRAM:</b>			
<b>U.S. Department of Housing and Urban Development:</b>			
Community Development Block Grants:			
1991-1992 Program Year	14.228	\$ 46,107	46,107
1990-1991 Program Year	14.228	152,712	152,712
1989-1990 Program Year	14.228	66,886	66,886
1988-1989 Program Year	14.228	78,060	78,060
1987-1988 Program Year	14.228	<u>498</u>	<u>498</u>
		344,263	344,263
<b>NONMAJOR PROGRAMS:</b>			
<b>U.S. Department of Transportation:</b>			
Federal Urban Aid	20.205	505,901	229,925
<b>U.S. Department of Transportation:</b>			
(Pass-through Calif. Office of Traffic Safety):			
AL 9110	20.600	4,428	4,428
<b>U.S. Department of Education:</b>			
(Pass-through State Office of Criminal Justice Planning):			
Crac-Net			
DC 90010390	16.579	<u>82,652</u>	<u>139,932</u>
Total federal financial assistance		\$ <u>937,244</u>	<u>718,548</u>

See accompanying notes to schedule of federal financial assistance.

## **CITY OF LODI, CALIFORNIA**

### **Notes to Schedule of Federal Financial Assistance**

**June 30, 1992**

**(1) General**

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of the City of Lodi, California (City). The City reporting entity is defined in note 1 to the City's general purpose financial statements. Federal financial assistance is received directly from federal agencies and through other government agencies.

**(2) Basis of Accounting - Grant Program**

The Schedule of Federal Financial Assistance has been prepared on the modified accrual basis of accounting which is described in note 1 to the City's general purpose financial statements.

**(3) Relationship to General Purpose Financial Statements**

Federal financial assistance revenues are reported in the City's general purpose financial statements for the year ended June 30, 1992, as follows:

<b><u>Revenue</u></b>	<b><u>Intergovernmental</u></b>
General Fund	\$ 87,080
Special revenue fund	<u>850,164</u>
Total	\$ <u>937,244</u>

Total federal assistance revenues do not agree with expenditures reported on the Schedule of Federal Financial Assistance due to the timing of the submission of claims for reimbursement of expenditures.

**(4) Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AT THE GENERAL PURPOSE FINANCIAL STATEMENT LEVEL**

The Honorable Members of City Council  
City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California as of and for the year ended June 30, 1992, and have issued our report thereon dated November 9, 1992.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Lodi, California is the responsibility of the management of the City of Lodi, California. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City of Lodi, California's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Lodi, California complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Lodi, California had not complied, in all material respects, with those provisions.

This report is intended for the information of the City Council, management, and the U.S. Department of Housing and Urban Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*KPMG Peat Marwick*

November 9, 1992







Peat Marwick

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS  
AT THE GENERAL PURPOSE FINANCIAL STATEMENT LEVEL**

The Honorable Members of City Council  
City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California as of and for the year ended June 30, 1992, and have issued our report thereon dated November 9, 1992.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the City of Lodi, California for the year ended June 30, 1992, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the City of Lodi, California is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in one category: Accounting Applications - Expenditures and Disbursements.



For the internal control structure category listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operations that we have reported to the management of the City of Lodi, California, in a separate letter dated November 9, 1992.

This report is intended for the information of the City Council, management, and the U.S. Department of Housing and Urban Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

KPMG Peat Marwick

November 9, 1992



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Honorable Members of City Council  
City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California as of and for the year ending June 30, 1992, and have issued our report thereon dated November 9, 1992.

We have also applied procedures to test the City of Lodi, California's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 1992: political activity; Davis-Bacon Act; civil rights; cash management; relocation assistance and real property acquisition; federal financial reports; allowable costs/cost principles; Drug-Free Workplace Act; and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Lodi, California's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Lodi, California had not complied, in all material respects, with those requirements.

This report is intended for the information of the City Council, management, and the U.S. Department of Housing and Urban Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*KPMG Peat Marwick*

November 9, 1992





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR AND NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Honorable Members of City Council  
City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California, as of and for the year ended June 30, 1992, and have issued our report thereon dated November 9, 1992.

We have also audited the City of Lodi, California's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable for its major federal financial assistance, which are identified in the accompanying schedule of federal financial assistance for the year ended June 30, 1992. The management of the City of Lodi, California, is responsible for the City of Lodi, California's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City of Lodi, California's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the City of Lodi, California, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable for its major federal financial assistance program for the year ended June 30, 1992.

In connection with our audit of the 1992 general purpose financial statements of the City of Lodi, California, and with our study and evaluation of the City of Lodi, California's internal control systems used to administer the federal financial assistance program as required by OMB Circular A-128, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1992.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; and eligibility that are applicable to those transactions. Our procedures were substantially less than scope than an audit, the objective of which is the expression of an opinion on the City of Lodi, California's compliance with these requirements. Accordingly, we do not express such an opinion.



With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that has caused us to believe that the City of Lodi, California, had not complied, in all material respects, with those requirements.

This report is intended for the information of the City Council, management and the U.S. Department of Housing and Urban Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

KPMG Peat Marwick

November 9, 1992



Peat Marwick

Certified Public Accountants

2495 Natomas Park Drive  
Sacramento, CA 95833 2936

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL  
CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL  
FINANCIAL ASSISTANCE PROGRAMS - MAJOR PROGRAM  
LESS THAN 50 PERCENT OF TOTAL EXPENDITURES**

The Honorable Members of City Council  
City of Lodi, California:

We have audited the general purpose financial statements of City of Lodi, California, as of and for the year ended June 30, 1992, and have issued our report thereon dated November 9, 1992. We have also audited City of Lodi, California's compliance with requirements applicable to a major federal financial assistance program and have issued our report thereon dated November 6, 1992.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether City of Lodi, California, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1992, we considered the City's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the City's general purpose financial statements and on its compliance with requirements applicable to a major program and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated November 9, 1992.

The management of City of Lodi, California is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

**Accounting Controls**

- Expenditures and disbursements.

**General Requirements**

- Political activity;
- Davis-Bacon Act;
- Civil rights;
- Cash management;
- Relocation assistance and real property acquisition;
- Federal financial reports;
- Allowable costs/cost principles;
- Drug-Free Workplace Act; and
- Administrative requirements.

**Specific Requirements**

- Types of services;
- Eligibility;
- Matching levels of effort, or earmarking requirements;
- Reporting;
- Special requirements, if any;
- Cost allocation; and
- Monitoring Subrecipients.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1992, City of Lodi, California, expended 80 percent of its total federal financial assistance under a major federal financial assistance program and the following nonmajor federal financial assistance program: Federal Urban Aid.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the City's major federal financial assistance program which is identified in the accompanying Schedule of Federal Financial assistance, and the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material in relation to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of City of Lodi, California in a separate letter dated November 9, 1992.

This report is intended for the information of the City Council, management, and the U.S. Department of Housing and Urban Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

KPMG Peat Marwick

November 9, 1992



## **CITY OF LODI, CALIFORNIA**

### **Status of Prior Year Findings and Recommendations**

**Year Ended June 30, 1992**

#### **DRUG-FREE WORKPLACE ACT**

**Finding:** The City does not have a formal policy in place to meet all the requirements of the Drug-Free Workplace Act.

**Recommendation:** The City should develop a comprehensive and formal drug-free policy that meets the requirements of the Drug-Free Workplace Act. A copy of the policy statement should be given to all employees.

**Current Status:** The City developed a comprehensive and formal drug-free policy that meets the requirements of the Drug-Free Workplace Act. This policy was approved by the City Council on November 22, 1991. A copy of this policy was distributed to all employees on November 27, 1991. All new employees receive a copy of the policy during orientation.

#### **REPORTING**

**Finding:** The amount of expenditures reflected in the schedule of federal financial assistance for Community Development Block Grants, 1988-1989 program year, does not agree by \$107.28 with the Summary of Community Development Block Grants Financial Status Report file with the U.S. Department of Housing and Urban Development.

**Recommendation:** The City should develop controls to ensure that expenditures reflected in the books and records are in agreement with reports filed with the U.S. Department of Housing and Urban Development.

**Current Status:** The City has procedures to ensure that expenditures reflected in the accounting records correspond with the reports with the U.S. Department of Housing and Urban Development. All grant monies, with the exception of the Housing Rehabilitation Program, are reconciled on a monthly basis by the City's accountant.



**Comprehensive  
Annual Financial Report**  
for the  
**Fiscal Year Ended June 30, 1992**

**CITY OF LODI, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**Fiscal Year Ended June 30, 1992**

**JAMES W. PINKERTON, JR., MAYOR  
PHILLIP PENNINO, MAYOR PRO TEMP  
DAVID M. HINCHMAN, COUNCIL MEMBER  
JACK A. SIEGLOCK, COUNCIL MEMBER  
JOHN R. "RANDY" SNIDER, COUNCIL MEMBER**

**THOMAS A. PETERSON, CITY MANAGER**

**Prepared by the Department of Finance  
Dixon Flynn, Finance Director/Treasurer  
Vicky McAthie, Accounting Manager**

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## PREFACE

## **PREFACE**

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The Comprehensive Annual Financial Report (CAFR) has been prepared in order to present the City of Lodi, California (City) monetary results of operations and financial condition as of June 30, 1992, as well as provide statistical information of general interest about the City. To achieve these goals, the City's CAFR was organized into the following three major sections:

### **INTRODUCTION**

This section of the CAFR provides a comprehensive analysis of the City's financial position as of June 30, 1992 as well as summaries of significant policies and practices which affect the City's management of its financial affairs. The Introduction section also includes a directory of City officials and advisory bodies, and an organization chart of the City.

### **FINANCIAL REPORTS**

This section includes the primary financial statements of the City, and is organized into three major areas:

- Independent Auditors' Report
- General purpose financial statements including notes which summarize the City's financial position and results of operation at the "Fund" level.
- Supplemental financial statements, which provide financial information for each of the City's funds and account groups organized by generic fund type: Governmental Funds (General, Special Revenue, Capital Project, and Debt Service), Enterprise Funds, Fiduciary Funds, and General Fixed Assets and General Long Term Debts. An overview introduces each of these supplemental financial statements which describes the purpose of each fund or account group.

In accordance with generally accepted accounting principles, the City's financial reporting system is organized on a "fund" basis, which is described further on the following page of this Preface.

### **STATISTICAL TABLES**

This section includes the following demographic and financial tables which provide current and historical trend information for the City, and is organized into four major areas:

- Statistical overview
- General financial trends of revenues, expenditures, property valuation and tax sources for the last ten years.
- Long-term indebtedness trends and characteristics
- Demographic and economic base trends and characteristics



## **PREFACE – CONTINUED**

The City's financial reporting system is organized on a "fund" basis consisting of three major fund types – Governmental, Proprietary, and Fiduciary – and two self-balancing Account Groups. The City's various funds as summarized below have been established in order to segregate and identify those financial transactions and resources associated with providing specific activities or programs in conformance with special regulations, restrictions or limitations.

### **GOVERNMENTAL FUNDS**

Most of the City's programs and functions are provided and financed through the following Governmental Funds, which are distinguished by their measurement focus on determining financial position and changes in financial position, rather than upon determining net income:

**General Fund**  
**Special Revenue Funds**  
Asset Seizure  
Gas Tax  
Transportation Partnership Act  
State Park Bonds  
Development Impact Fee Funds  
Housing and Urban Development  
Transportation Development Act  
Federal Aid Urban

**Debt Service**  
**Capital Project Funds**  
Capital Outlay  
Equipment Replacement  
Subdivisions  
Storm Drainage  
Lodi Lake Capital

### **PROPRIETARY FUNDS**

Proprietary funds are distinguished from Governmental funds by their similarity to private sector enterprises, as the intent is that the cost of providing services – whether this service is to the public (Enterprise Funds) or internally to the organization (Internal Service Funds) – is to be financed or recovered primarily through user charges. Enterprise Funds may also be established to account for operations under which the City or an outside granting agency has decided that a periodic determination of net income under full accrual accounting is appropriate for capital maintenance, public policy, management control, accountability, or other public purpose. The following three Enterprise Funds are used by the City: Electric, Sewer and Water.

### **FIDUCIARY FUNDS**

Also known as Trust and Agency Funds, the following funds are used to account for assets by the City in a trustee capacity for private individuals, organizations, or other governmental agencies:

**Expendable Trust Funds**  
Hutchins Street Square

**Agency Funds**  
Special Assessments  
Industrial Way/Beckman Road  
Turner/Cluff  
Deferred Compensation

**PREFACE – CONTINUED**

**ACCOUNT GROUPS**

Except for assets and liabilities associated with the Proprietary or Fiduciary fund types, the following self-balancing account groups are used for accounting control and accountability for the City's general fixed assets and the unmatured portion of principal outstanding on its general long-term debt.

## INTRODUCTION

---

CITY COUNCIL

JAMES W. PINKERTON, Mayor  
PHILLIP A. PENNINO  
Mayor Pro Tempore  
DAVID M. HINCHMAN  
JACK A. SIEGLOCK  
JOHN R. (Randy) SNIDER

CITY OF LODI

CITY HALL, 221 WEST PINE STREET  
P.O. BOX 3006  
LODI, CALIFORNIA 95241-1910  
(209) 334-5634  
FAX (209) 333-6795

THOMAS A. PETERSON  
City Manager

ALICE M. REIMCHE  
City Clerk

BOB McNATT  
City Attorney

November 23, 1992

MEMORANDUM

TO: City Council

FROM: Director of Finance

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 1991-92

---

OVERVIEW

The Comprehensive Annual Financial Report (CAFR) for Fiscal Year 1991-92 of the City of Lodi, California is hereby transmitted. The CAFR is prepared by the Finance Department in order to present the City's monetary results of operations and financial condition as of June 30, 1992, as well as to provide statistical information of general interest about the City of Lodi.

The CAFR reflects the City's commitment to the highest standard of financial reporting by using a reporting format which meets the standards adopted by the Governmental Accounting Standards Board (GASB), which is recognized as the authoritative body for establishing the standards of financial accounting and reporting with respect to activities and transactions of State and local governments. We believe that the data provided in this report is accurate in all material respects, and is presented in a manner designed to fairly reflect the financial position and results of operations of the City. In addition, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The responsibility for the accuracy of the data presented, as well as for the completeness and fairness of the presentation, including all disclosures, rests with the City.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

## THE REPORTING ENTITY AND ITS SERVICES

The funds and account groups included in the Comprehensive Annual Financial Report (CAFR) are those deemed dependent upon the City and controlled by the City Council. In accordance with the criteria established by the National Council of Governmental Accounting (NCGA), particularly on Statement 3, which took effect in the fiscal year 1982-83, the Lodi Public Improvement Corporation (LPIC) is merged into into the City's general purpose financial statements as the City has oversight responsibility for this entity.

### Services Provided By the City of Lodi

The City provides a wide range of municipal services, including police and fire protection, electrical, water and sewer utilities, street maintenance, public transportation, planning, building and safety, library services, parks and recreations services and other general government services. Several municipal services are provided through other government agencies, private companies or public utility companies, including the following:

Elementary and Secondary Schools.....	11
Sanitation (solid waste) and Cable Television.....	2
Gas and Telephone.....	2

Financial information for all funds through which services are provided by the City of Lodi have been included in this report based on the criteria adopted by the GASB which is the authoritative body in establishing generally accepted accounting principles for local government.

## ECONOMIC CONDITION AND OUTLOOK

### Summary of the Local Economy

The City of Lodi is located in the San Joaquin Valley between Stockton to the south and Sacramento to the north and adjacent to U.S. Highway 99. The City has a population of 53,000 contained in 11 square miles, with an assessed value of \$2,203,351,420. The City has grown steadily since incorporation in 1906. Even with stringent growth control measures, approximately 518 new residential units are constructed each year. In 1989, the California Appellate Court found the City's initiative growth control ordinance to be illegal. Subsequently, the City Council adopted a growth control ordinance which allows a 2% increase in population each year. It is anticipated that build out will occur in the year 2007 and that the City's population will be 70,500.

Retail trade and industry are the economic base of Lodi. However, many of the newer residents commute out of the area for employment. The major employers in the City are General Mills, Lodi Memorial Hospital, Farmers and Merchants Bank, Lodi Unified School District, Interlake, Pacific Coast Producers and the City government.

The economic condition of the City is clearly dependent on how the National and State economies perform over the next several months. In addition to the National and State economies that clearly affect Lodi, the effort made by other local cities to increase their share of the retail sales market and to attract industry will also have a significant effect on the performance of the economy in Lodi. If the competitive environment between cities to increase market share continues, Lodi may experience a loss of revenues even if the overall local economy is performing well. Accordingly, Lodi is making an effort to create a positive environment for business and industry. Wal-mart, a major retailer, opened a store in Lodi in 1992. In addition, the City is working with the Chamber of Commerce and other business groups to promote economic growth and retain those businesses which have been a foundation to the economic health of the City.

## MAJOR INITIATIVES

The City has several accomplishments during the year which should be noted. A Growth Management Plan was adopted and the City annexed approximately 300 additional acres to allow for residential growth and development. Wal-Mart and Orchard Supply began construction of a new retail shopping center that will increase sales tax revenue for the City.

Electric Utility continued the wood pole testing and change out, developed the low-voltage portion of the sub-station to allow for industrial development of the east side of Lodi, completed negotiations with PG&E for a new interconnection agreement and initiated a cost of services study. Public Works adopted new development impact fees to allow for anticipated future growth of the City and necessary infrastructure. Sewer plant upgrades were completed and initial work has been done to remove DBCP from the City's water supply and to meet State and Federal water standards.

Recreation made several improvements to playgrounds and parks throughout the City: new playground equipment was installed, picnic tables and restrooms added. In addition, a wilderness tour was added to the recreation programs at Lodi Lake Park. During 1991-92, the City completed a "Cost of Services Study" and "Fee Study" for future use in reducing service costs and recommending new fees. An audit was conducted of the City businesses to determine if they are correctly reporting sales tax. As a result of the audit, the City gained approximately \$15,000 in additional revenues. Many of the ideas from the study are being considered at this time for implementation.

The Accounting section of the Finance Department put in countless hours coordinating research on our fixed assets to eliminate the item that resulted in a qualified audit opinion in prior years. The combined efforts of the Accounting section, Public Works, Community Development, and Electric Utility departments in addition to the valued input from KPMG Peat Marwick are greatly appreciated.

These are but a few of the many accomplishments during the year for which the City may take some pride. However, there is one accomplishment which may not be significant to the public but important to the Staff which should be noted. The City finalized the purchase of property which will allow for the development of the Civic Center. This purchase marked the end of 25 years of on-again, off-again negotiations.

## FINANCIAL INFORMATION, MANAGEMENT, AND CONTROL

A detailed understanding of the financial position and operating results of the City is provided in the CAFR. Presented below is a brief description of financial information, management of financial resources and obligations, and control techniques applicable to financial resources, obligations, and information.

### Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. All proprietary funds and Nonexpendable Trust Funds and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

### **Account System and Budgetary Control**

The City's accounting records for general governmental operations are maintained on a modified accrual basis; with revenues recorded when available and measurable, and expenditures recorded when the services or goods are received and the liability incurred. For proprietary fund types, the City uses the accrual basis of accounting. As such, the measurement focus is on net income in addition to financial position and changes in financial position, revenues are recognized when earned and expenses are recognized as the liability is incurred. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In developing the City's accounting system, consideration is given to the adequacy of internal accounting control. The objective of the City's internal accounting controls are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and to ensure that transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that estimates and judgements are required to be made by management in evaluating these costs and benefits.

In addition, the government maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the government's governing body. Budgets are adopted annually by the City Council by resolution and prepared for each fund in accordance with its basis of accounting. The City Manager is responsible for preparing the budget and for its implementation after adoption. The City Council has the authority to amend the budget at any time during the fiscal year. The City Manager has the authority to make adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year end balances. During the fiscal year 1991-92, several supplemental budget appropriations were made.

Expenditure and budgeting detail is maintained by the City for each fund and department by division at the line item level. Budgetary control is exercised through an online computerized system which is integrated with the City's general ledger. The system maintains an ongoing record of budget balances throughout the year based on actual expenditures and unfilled purchase orders. Open encumbrances at year end are reported as reservations of fund balance.

### **Fund Balance**

It is the City's policy to maintain an unreserved fund balance in the General Fund (and working capital balances of the Electric, Water and Sewer Enterprise funds) of at least two months of operating expenditures. This goal was not achieved in fiscal year 1991-92. The General Fund has less than one month of unreserved fund balance; whereas, the enterprise funds have achieved the City's goal.

### **Cash Management**

The City has written investment policies which address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. Under the City's policies, investments in the City's portfolio are intended to be held until maturity; and accordingly, investment terms are selected for consistency with the City's cash flow needs. Reports are issued monthly to the City Manager and City Council providing detailed information regarding the City's investments and compliance with City policy. Under the City's investment policies, the City's primary objective is to achieve a reasonable rate of return on public funds while minimizing risks and preserving capital. In evaluating the performance of the City's portfolio in achieving this objective, it is expected that yields on City investments will regularly meet or exceed the average return on three month U.S. Treasury Bills.

### Expenditure Limitation

Article XIII B of the Constitution of the State of California (Proposition 9) provides for the limitation of expenditures by state and local governments. Under these provisions, City appropriations funded through tax sources may not exceed Fiscal year 1979 appropriation levels except as adjusted for increases in population and the cost of living. Excluded from this limitation are appropriations funded through charges for services, fines and forfeitures, grants, transfers of service responsibilities between governmental agencies, and indebtedness incurred prior to Fiscal year 1979. Pursuant to subsequent State legislation adopted after the passage of Proposition 9, the City is required to annually establish and adopt its appropriations limit by resolution. For 1991-92, the City's appropriations subject to limitations were \$33,441,797 compared to actual appropriations subject to limitation of \$22,048,696, a favorable variance of \$11,393,101.

### Debt Administration

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. These data for the City at the end of fiscal year 1992 were as follows:

	<u>Amount</u>	<u>Percent of Net Bonded Debt to Assessed Full Cash Value</u>	<u>Debt Per Capita</u>
Net Direct Bonded Debt	\$1,205	0.0588%	\$22.74

At June 30, 1992, the City had outstanding general obligation bonds of \$1,205,000, special assessment bonds of \$245,000 and Certificates of Participation of \$11,170,000. These liabilities are discussed in Note 7 to the General Purpose Financial Statements.

The City's debt management policy includes a commitment to monitor all forms of debt annually consistent with the City's Financial Plan and Budget preparation and review process. Also, the City will generally conduct financings on a competitive basis, will seek an investment grade rating on any direct debt, and will seek credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability, and cost effectiveness.

### Interim Financial Reporting

Interim financial reports are prepared monthly using a "pyramid" approach in presenting varying levels of detail. Under this approach, the highest level of summary data is presented first, followed by progressively greater levels of detail. Detailed reports provide information regarding revenues and expenditures for all program areas by line item, including year to date estimates and monthly actuals, encumbrances, and budget variance.

### Single Audit

The City is subject to the financial and compliance reporting requirements of the Single Audit Act of 1984, which is applicable to all local and state governments receiving federal financial assistance. As part of the City's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 1992 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.



### Competitive Bidding Policy

City purchases for materials, equipment, and services during fiscal year 1991-92 were made pursuant to competitive bidding procedures as established under City purchasing ordinances. Contracts for construction projects are awarded pursuant to the competitive bidding requirements established by the State of California for projects in excess of \$5,000.

### Risk Management

The City government is currently self-insured for dental insurance, worker's compensation, general liability and unemployment insurance. General liability and worker's compensation are administered by an outside agency, the other programs are administered by the City. Self-insured transactions are accounted for in the Internal Service Fund.

### FINANCIAL HIGHLIGHTS

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for managing the financial resources of the City.

### General Government Functions

The following schedule presents a summary of the general fund, special revenue funds, capital outlay funds and debt service fund revenues for the fiscal year ended June 30, 1992 and the amount of increases and decreases in relation to prior year revenues.

REVENUES							
	1992		1991		Variance By Amount	Variance By Percent	
	Amount	% of Total	Amount	% of Total			
Taxes	\$11,555,645	46.25%	\$10,800,485	48.10%	\$755,160	6.99%	
Licenses and Permits	420,249	1.68%	367,309	1.64%	52,940	14.41%	
Fines, Forfeitures and Penalties	251,581	1.01%	340,891	1.52%	(89,310)	-26.20%	
Use of Money and Property	1,385,598	5.55%	1,407,569	6.27%	(21,971)	-1.56%	
Subventions and Grants	5,214,472	20.87%	4,134,008	18.41%	1,080,464	26.14%	
Charges for services	5,002,988	20.02%	4,062,086	18.09%	940,902	23.16%	
Other revenues	1,157,092	4.63%	1,341,696	5.98%	(184,604)	-13.76%	
TOTAL	\$24,987,625	100.00%	\$22,454,044	100.00%	\$2,533,581	11.28%	

Governmental revenues for Fiscal Year 1991-92 in the amount of \$24,987,625 reflects an increase of \$2,533,581 from 1991 revenues due to Measure K tax revenues Subventions and Grants; and, Charges for services. These increases were offset in part by a decrease in fines, forfeitures and penalties; use of money and property; and, other revenues.

The following schedule presents a summary of general fund, special revenue funds, capital outlay funds and debt service expenditures for the Fiscal year ended June 30, 1992 and the increases and decreases in relation to prior year amounts.

#### EXPENDITURES

	1992		1991		Variance	Variance
	Amount	% of Total	Amount	% of Total	By Amount	By Percent
Public Safety	\$9,903,079	37.66%	\$9,141,249	37.33%	\$761,830	8.33%
Public Works	4,203,727	15.98%	4,300,628	17.56%	(96,901)	-2.25%
Sanitation	3,425,301	13.02%	3,449,491	14.09%	(24,190)	-0.70%
Library	948,941	3.61%	903,940	3.69%	45,001	4.98%
Parks and Recreation	2,631,593	10.01%	2,484,631	10.15%	146,962	5.91%
General Government	5,186,392	19.72%	4,209,361	17.19%	977,031	23.21%
	<u>\$26,299,033</u>	<u>100.00%</u>	<u>\$24,489,300</u>	<u>100.00%</u>	<u>\$1,809,733</u>	<u>7.39%</u>
Capital Outlays	1,512,775		1,247,317		265,458	21.28%
Debt Service	394,214		406,094		(11,880)	-2.93%
TOTAL	<u>\$28,206,022</u>		<u>\$26,142,711</u>		<u>\$2,063,311</u>	<u>7.89%</u>

The Governmental expenditures increased overall by 7.89% from Fiscal Year 1990-91. The major increase was in General Government Utilities and Communications due to the installation of a new telephone system and a fire radio system.

The following schedule presents a summary of general fund, special revenue funds, capital outlay fund and debt service expenditures for the Fiscal year ended June 30, 1992 by object code and the increases and decreases in relation to prior year amounts.

#### EXPENDITURES BY OBJECT CODE

	1992		1991		Variance	Variance
	Amount	% of Total	Amount	% of Total	By Amount	By Percent
Personel services	\$17,404,125	61.70%	\$16,022,702	61.29%	\$1,381,423	8.62%
Supplies, Materials and Services	4,358,147	15.45%	4,187,014	16.02%	\$171,133	4.09%
Utilities and Communications	1,267,514	4.49%	953,082	3.65%	\$314,432	32.99%
Equipment, Land and Structures	2,877,129	10.20%	2,531,508	9.68%	\$345,621	13.65%
Other	2,299,107	8.15%	2,448,405	9.37%	(\$149,298)	-6.10%
TOTAL	<u>\$28,206,022</u>	<u>100.00%</u>	<u>\$26,142,711</u>	<u>100.00%</u>	<u>\$2,063,311</u>	<u>7.89%</u>

## Enterprise Operations

Fiscal Year 1991-92 revenues for enterprise fund activities totaled \$41,920,121, an increase of 12.35% from fiscal year 1990-91. Revenues from various sources and the change from last year are as follows:

REVENUES						
	1992		1991		Variance	Variance
	Amount	% of Total	Amount	% of Total	By Amount	By Percent
Charges for services	\$40,664,101	97.00%	\$35,454,700	95.02%	\$5,209,401	14.69%
Sewer bond tax revenue	177,221	0.42%	180,021	0.48%	(2,800)	-1.56%
Rent income	241,013	0.57%	202,689	0.54%	38,324	18.91%
Interest revenue, net	85,973	0.21%	743,853	1.99%	(657,880)	-88.44%
Other revenue	751,813	1.79%	730,450	1.96%	21,363	2.92%
TOTAL	<u>\$41,920,121</u>	<u>100.00%</u>	<u>\$37,311,713</u>	<u>100.00%</u>	<u>\$4,608,408</u>	<u>12.35%</u>

Expenses for enterprise fund operations totaled \$37,385,752, an increase of 11.04% from fiscal year 1990-91. Charges in levels of expenses for major functions of service fund operations from the preceding year are shown in the following comparison:

EXPENSES						
	1992		1991		Variance	Variance
	Amount	% of Total	Amount	% of Total	By Amount	By Percent
Personal services	\$4,054,761	10.85%	\$3,548,119	10.54%	\$506,642	14.28%
Supplies, materials, and services	3,760,126	10.06%	3,090,607	9.18%	669,519	21.66%
Utilities and communications	27,564,372	73.73%	25,090,615	74.52%	2,473,757	9.86%
Depreciation	1,986,203	5.31%	1,919,960	5.70%	66,243	3.45%
Benefit payments	20,290	0.05%	18,958	0.06%	1,332	7.03%
TOTAL	<u>\$37,385,752</u>	<u>100.00%</u>	<u>\$33,668,259</u>	<u>100.00%</u>	<u>\$3,717,493</u>	<u>11.04%</u>

### Internal Service Activities

Fiscal Year 1991-92 revenues for internal service fund activities totaled \$1,157,173, an increase of 8.0% from fiscal year 1990-91. Revenues from various sources and the change from last year are as follows:

	1992		1991		Variance By Amount	Variance By Percent
	Amount	% of Total	Amount	% of Total		
Charges for services	\$881,196	76.15%	\$851,558	79.48%	\$29,638	3.48%
Interest Revenue	126,601	10.94%	147,188	13.74%	(20,587)	-13.99%
Other revenue	149,376	12.91%	72,719	6.79%	76,657	105.41%
TOTAL	<u>\$1,157,173</u>	<u>100.00%</u>	<u>\$1,071,465</u>	<u>100.00%</u>	<u>\$85,708</u>	<u>8.00%</u>

During Fiscal Year 1991-92, Internal Service Fund revenues increased \$85,708 (8.0%) compared with the prior year. The decrease in interest revenue offset the other revenue (PL and PD fund refund) increase.

Expenses for internal service fund operations totaled \$1,996,766, an increase of 90.89% from fiscal year 1990-91. The addition of a Risk Management section accounts for the increase in personal service charges and for a portion of the increase in supplies, materials and services. Increases in the self insurance reserves account for the remainder of the increase in the services category. Charges in levels of expenses for major functions of service fund operations from the preceding year are shown in the following comparison:

	1992		1991		Variance By Amount	Variance By Percent
	Amount	% of Total	Amount	% of Total		
Personal services	\$133,032	6.66%	\$81,940	7.83%	\$51,092	62.35%
Supplies, materials, and services	1,569,564	78.61%	700,907	67.01%	868,657	123.93%
Benefit payments	294,170	14.73%	263,174	25.16%	30,996	11.78%
TOTAL	<u>\$1,996,766</u>	<u>100.00%</u>	<u>\$1,046,021</u>	<u>100.00%</u>	<u>\$950,745</u>	<u>90.89%</u>

### Fiduciary Fund Operations

The City maintains expendable and Agency Funds.

Expendable Trust Fund accounts for and administer funds for the Hutchins Street Square Bequest trust.

Agency Funds account for and administer funds for the Deferred Compensation, United Downtown Improvement District and Special Assessment funds.

### INDEPENDENT AUDIT

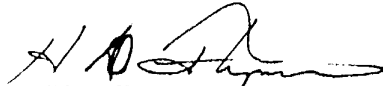
The City Council requires an annual audit of the records and accounts of the City by an independent certified public accountant. The accounting firm of KPMG Peat Marwick was selected to perform this audit. The auditor's report on the general purpose financial statements and combining individual fund statements and schedules, which is included in the financial section of this report, reflects that the financial records, reports and internal controls of the City are in conformance with "generally accepted accounting principles".

### ACKNOWLEDGEMENTS

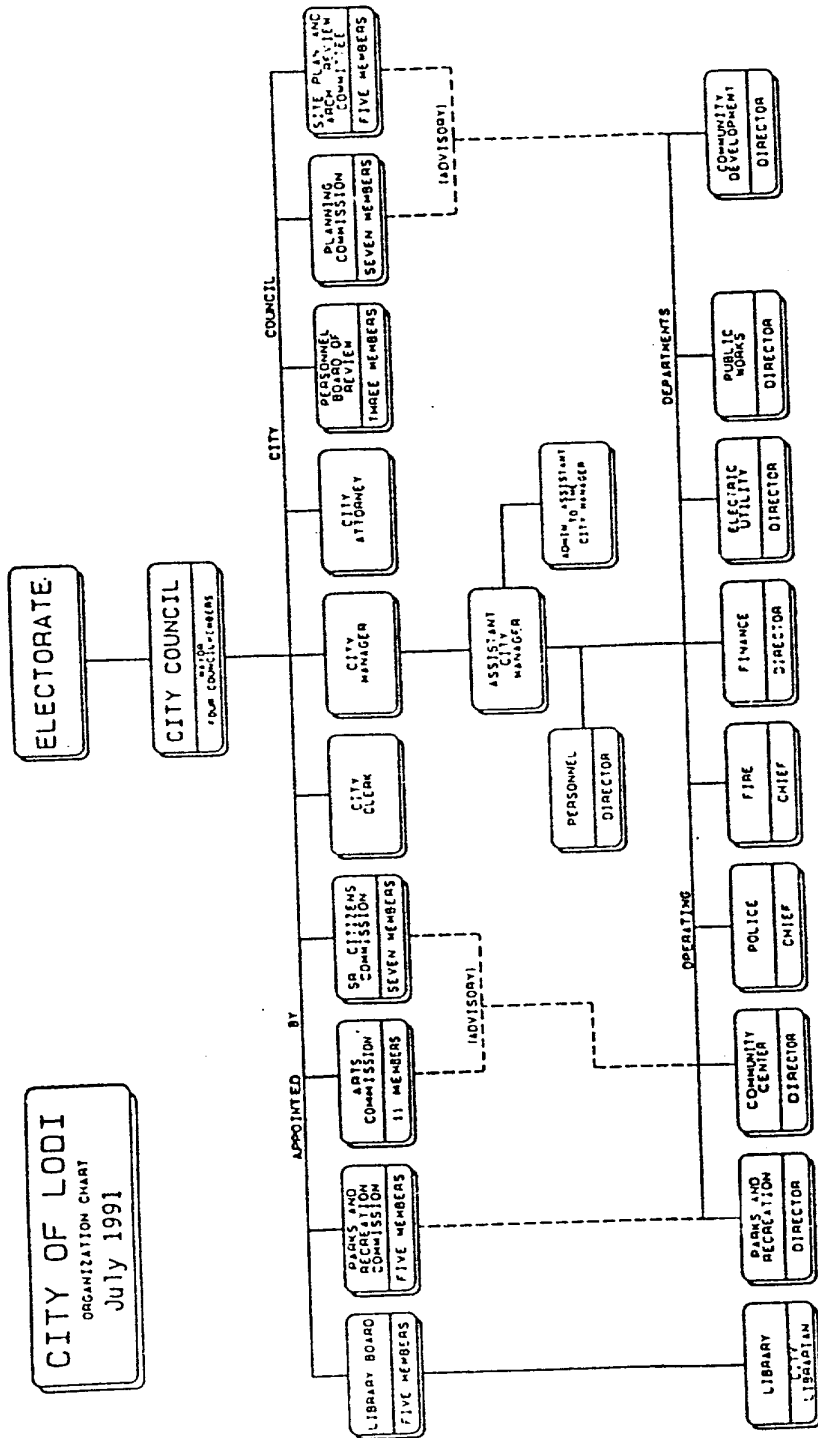
The preparation and development of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Department who assisted and contributed to its preparation, especially the Accounting staff whose extra effort and attention to detail have made this report a product in which the City can take special pride.

I would also like to thank the City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Dixon Flynn  
Finance Director



## **DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

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### **CITY COUNCIL**

James W. Pinkerton, Jr., Mayor  
Phillip Pennino, Mayor Pro Temp  
David M. Hinchman, Council Member  
Jack A. Sieglock, Council Member  
John R. "Randy" Snider, Council Member

### **ADVISORY BODIES**

Library Systems Advisory Board  
Council of Governments (COG) Citizens Advisory Committee  
Library Board  
Lodi Ad Hoc Transportation Committee  
Lodi Arts Commission  
Lodi Senior Citizen's Commission

Personnel Board of Review  
Planning Commission  
Recreation Commission  
Site Plan and Architectural Review Committee  
Lodi Solid Waste Management Task Force  
Old Lodi Union High School Site Foundation Board

### **PRINCIPAL ADMINISTRATIVE OFFICERS**

Thomas A. Peterson  
Jerry Glenn  
Bob Mc Natt  
Alice Reimche  
Kathleen Andrade  
H. Dixon Flynn  
Larry Hughes  
Charlene Lange  
Joanne Narloch  
Jack Ronsko  
Henry Rice  
James Schroeder  
Floyd Williams  
Ron Williamson

City Manager  
Assistant City Manager  
City Attorney  
City Clerk  
Librarian  
Finance Director/Treasurer  
Fire Chief  
Community Center Director  
Personnel Director  
Public Works Director  
Electric Utility Director  
Community Development Director  
Police Chief  
Parks & Recreation Director

# FINANCIAL REPORTS

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## GENERAL PURPOSE FINANCIAL STATEMENTS



# KPMG Peat Marwick

Certified Public Accountants

2495 Natomas Park Drive  
Sacramento, CA 95833 2936

## Independent Auditors' Report

The Honorable Members of City Council  
City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California, as of and for the year ended June 30, 1992, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lodi, California, as of June 30, 1992, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and individual account group financial statements listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lodi, California. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. The information contained in the statistical section has not been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, accordingly, we express no opinion thereon.

As discussed in Note 6 to the general purpose financial statements, the City changed its method of accounting for general and proprietary fund fixed assets.

Sacramento, California  
November 9, 1992

*KPMG Peat Marwick*



Member Firm of  
KPMG Peat Marwick Goerdeler

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**CITY OF LODI**  
**Combined Balance Sheet - All Fund Types And Account Groups**  
**June 30, 1992**

	Governmental Fund Type				Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
<b>Assets</b>										
Cash and investments (note 3)	\$ 2,374,760	1,741,155	232,799	3,996,258	10,102,341	1,930,893	8,773,812			\$ 29,152,018
Receivables (net of allowances for uncollectibles):										
Accounts	148,459	668,955		79,758	2,285,089		1,192			3,363,453
Property Taxes (note 4)	59,396									59,396
Special Assessments			25,000							25,000
Water Loan (note 5)					4,253,073					4,253,073
Loans Receivable				180,500						180,500
Interest	80,475	31,091	632	1,067	155,880	27,490	5,481			302,136
Due from other funds or governmental agencies (note 8)	1,058,136	147,129		161,839	998,761					2,365,965
Inventory	102,773				1,777,516					1,880,289
Deferred financing costs					271,732					271,732
Other assets	23,716	31,609			10,206	132,060				197,591
Fixed assets					47,722,084			44,051,395		91,773,479
Amount to be collected for payment of compensated absences									2,732,659	2,732,659
Amounts to be provided for capitalized lease obligations (note 7)									441,534	441,534
Amounts to be provided from general obligation bonds (note 7)									1,211,041	1,211,041
Amounts available for debt service for special assessment district bonds with governmental commitment (note 7)									233,065	233,065
<b>Total assets</b>	<b>\$ 4,047,715</b>	<b>2,620,039</b>	<b>258,431</b>	<b>4,419,442</b>	<b>67,576,682</b>	<b>2,090,443</b>	<b>8,780,485</b>	<b>44,051,395</b>	<b>4,618,299</b>	<b>\$ 138,462,931</b>

(continued on next page)

See accompanying notes to general purpose financial statements.

**CITY OF LODI**  
**Combined Balance Sheet - All Fund Types And Account Groups - Continued**  
**June 30, 1992**

	Governmental Fund Type				Proprietary Fund Type		Fiduciary Fund Type		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fund Assets	Long-Term Debt		
<b>Liabilities and Fund Equity</b>											
<b>Liabilities:</b>											
Accounts payable and other liabilities	\$ 376,296	90,438	344	4,227	871,189	21,368	168,126				\$ 1,711,941
Accrued salaries and wages	271,235	15,173		3,065	76,636	1,291					361,380
Accrued interest					348,316						348,316
Due to other funds (note 8)		68,500		419,180	633,860						1,348,540
Accrued compensated absences (note 7)	1,017,290				796,531		8,392,261		2,712,819		13,918,891
Deferred compensation payable (note 13)											8,192,176
Deferred revenue	1,011,876		25,000			2,848,766				611,111	4,482,753
Self-insurance reserve (note 15)											611,111
Capitalized lease obligations (note 7)					16,676,348						16,676,348
Certificates of participation payable, net of discount (note 7)					1,718,000						1,718,000
Loans payable											
General obligation bonds payable, net of discount (note 7)										1,218,841	1,218,841
Special assessment district bonds payable, with governmental commitment (note 7)										319,685	319,685
<b>Total liabilities</b>	<b>2,726,699</b>	<b>171,111</b>	<b>25,344</b>	<b>166,392</b>	<b>16,311,243</b>	<b>2,871,363</b>	<b>9,560,387</b>	<b>0</b>	<b>6,652,346</b>	<b>0</b>	<b>56,397,661</b>
<b>Fund Equity:</b>											
Investment in general fixed assets								66,661,200			66,661,200
Retained earnings					46,463,436	17,118					46,480,554
<b>Fund balances:</b>											
Reserved for encumbrances	36,718	162,848		132,654							312,220
Reserved for inventory	102,773										102,773
Reserved for inventory	417,278	2,331,860	231,863	3,828,296			28,290				6,809,527
Unreserved - designated	714,237										714,237
<b>Total equity and other credits (note 9)</b>	<b>1,311,816</b>	<b>2,493,918</b>	<b>231,863</b>	<b>3,961,950</b>	<b>46,463,436</b>	<b>17,118</b>	<b>28,290</b>	<b>66,661,200</b>	<b>0</b>	<b>0</b>	<b>68,486,124</b>
<b>Contingent liabilities (note 15)</b>											
<b>Total liabilities and fund equity</b>	<b>\$ 4,038,515</b>	<b>1,665,029</b>	<b>257,207</b>	<b>4,128,342</b>	<b>62,774,679</b>	<b>2,888,481</b>	<b>1,388,677</b>	<b>66,661,200</b>	<b>6,652,346</b>	<b>0</b>	<b>126,483,885</b>

See accompanying notes to general purpose financial statements.

**CITY OF LOOS**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Funds**  
**for the year ended June 30, 1992**

	Governmental Fund Type				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Taxes	\$ 10,174,079	1,330,998	50,568			\$ 11,555,645
Licenses and permits	420,249					420,249
Intergovernmental revenues	3,200,733	2,013,739				5,214,472
Charges for services	4,352,208	611,188		39,592		5,002,998
Fines, forfeitures and penalties	251,581					251,581
Interest and rental income	921,792	129,067	2,195		486	1,385,598
Miscellaneous revenue	175,939	23,335	341,615	598,641	17,563	1,157,093
<b>Total revenue</b>	<b>19,496,581</b>	<b>4,108,327</b>	<b>394,378</b>	<b>970,291</b>	<b>18,049</b>	<b>24,967,626</b>
<b>Expenditures:</b>						
Current:						
General government	3,566,106	1,522,444		97,840		5,186,390
Public protection	9,865,517	37,562				9,903,079
Public works	2,880,114	1,323,613				4,203,727
Sanitation	3,425,301					3,425,301
Library	948,941					948,941
Parks and recreation	2,565,792	65,801		1,346,320	(5,782)	2,831,593
Capital outlay		172,237				172,237
Debt service:						
Interest and fiscal charges			144,214			144,214
Principal payments			250,000			250,000
<b>Total expenditures</b>	<b>23,251,773</b>	<b>3,121,657</b>	<b>394,214</b>	<b>1,444,160</b>	<b>(5,782)</b>	<b>28,206,022</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,755,192)</b>	<b>986,670</b>	<b>164</b>	<b>(473,869)</b>	<b>23,831</b>	<b>(3,218,395)</b>
<b>Other financing sources (uses):</b>						
Operating transfers in (note 10)	5,217,101	356,878		200,946		5,774,925
Operating transfers out (note 10)	(1,571,856)	(143,573)		(576,737)		(2,292,166)
<b>Total other financing sources</b>	<b>3,645,245</b>	<b>213,305</b>	<b>0</b>	<b>(375,791)</b>	<b>0</b>	<b>3,482,759</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources</b>	<b>(109,947)</b>	<b>1,199,975</b>	<b>164</b>	<b>(849,660)</b>	<b>23,831</b>	<b>264,363</b>
<b>Fund balance, June 30, 1991</b>	<b>1,430,963</b>	<b>1,245,954</b>	<b>232,901</b>	<b>4,802,710</b>	<b>(3,533)</b>	<b>7,708,995</b>
<b>Fund balance, June 30, 1992 (note 9)</b>	<b>1,321,016</b>	<b>2,445,929</b>	<b>233,065</b>	<b>3,953,050</b>	<b>20,298</b>	<b>7,973,358</b>

See accompanying notes to general purpose financial statements.

**CITY OF LODI**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General and Special Revenue Funds**  
**for the year ended June 30, 1992**

General Fund		Special Revenue Funds		Total (Memorandum Only)	
Revised	Budget	Revised	Budget	Revised	Budget
Variance	(Unfavorable)	Variance	(Unfavorable)	Variance	(Unfavorable)
Revenues:					
Taxes	10,212,766	1,371,330	1,330,908	11,584,096	11,505,077
License and permit	398,285	21,964	0	398,285	420,249
Intergovernmental revenues	3,180,729	3,200,733	1,056,735	4,237,464	5,214,472
Charges for services	4,299,006	53,200	1,138,300	5,437,306	4,963,906
Fines, forfeits and penalties	259,145	(7,564)	0	259,145	251,581
Interest and rental income	993,175	(71,383)	129,067	1,106,737	1,050,859
Miscellaneous revenue	73,650	102,269	23,335	86,910	199,273
Total revenue	19,416,756	3,693,187	4,108,327	23,109,945	23,604,907
Expenditures:					
Current:					
General government	3,855,444	1,726,243	1,522,444	5,581,687	5,088,552
Public protection	9,780,560	1,267,750	375,562	9,907,310	9,903,079
Public works	3,032,474	152,360	1,223,613	5,868,293	4,203,727
Sanitation	3,529,130	103,829	0	3,529,130	3,425,301
Library	1,463,995	515,054	0	1,463,995	948,941
Parks and recreation	2,723,533	157,711	65,801	2,881,902	2,631,593
Capital outlay		0	490,974	490,974	122,237
Total expenditures	24,385,136	1,133,363	3,121,657	26,373,430	26,373,430
Excess (deficiency) of revenues over expenditures	(4,968,378)	(3,755,192)	(86,670)	(6,603,426)	(2,768,523)
Other financing sources (uses):					
Operating transfers in (note 10)	5,133,025	84,076	356,878	5,133,025	5,573,979
Operating transfers out (note 10)	(1,199,856)	(372,000)	(143,573)	(1,235,576)	(1,715,429)
Total other financing sources	3,933,169	3,645,245	213,305	3,897,449	3,858,550
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	(1,035,209)	(925,262)	(1,199,975)	(2,705,977)	(1,090,028)
Fund balance, June 30, 1991	1,430,963	1,430,963	1,245,953	2,676,917	2,676,916
Fund balance, June 30, 1992 (note 9)	395,754	1,321,016	2,445,928	3,766,844	3,796,006

See accompanying notes to general purpose financial statements.

**CITY OF LODI**  
**Combined Statement of Revenues, Expenses and Changes in Retained Earnings**  
**All Proprietary Fund Types**  
**for the year ended June 30, 1992**

	Enterprise	Internal Service	Total (Memorandum Only)
Operating revenues:			
Charges for services	40,664,101	881,196	41,545,297
Operating expenses:			
Personal services	4,054,761	133,032	4,187,793
Supplies, materials, and services	3,760,126	1,569,564	5,329,690
Utilities and communications	27,564,372		27,564,372
Depreciation	1,986,203		1,986,203
Benefit payments	20,290	294,170	314,460
Total operating expenses	37,385,752	1,996,766	39,382,518
Operating income (loss)	3,278,349	(1,115,570)	2,162,779
Nonoperating revenues (expenses):			
Sewer bond sales	177,221	126,601	177,221
Interest revenue (expenses), net	85,973		212,574
Rent	241,013		241,013
Other, net	751,813	149,376	901,189
Total nonoperating revenues	1,256,019	275,977	1,531,996
Income before operating transfers	4,534,368	(839,593)	3,694,775
Operating transfers in (note 10)	3,544,239	427,994	3,972,233
Operating transfers out (note 10)	(7,438,102)	(16,889)	(7,454,991)
Total operating transfers	(3,893,863)	411,105	(3,482,758)
Net income (loss) before extraordinary loss	640,505	(428,488)	212,017
Extraordinary loss (note 18)	(1,028,100)		(1,028,100)
Net income (loss) before extraordinary loss	(387,595)	(428,488)	(816,083)
Retained earnings, June 30, 1991	44,333,606	447,626	44,783,232
Adjustment to retained earnings (note 18)	5,517,425		5,517,425
Retained earnings, June 30, 1992	49,851,031	19,138	49,870,169

See accompanying notes to general purpose financial statements.

City of Lodi  
Combined Statements of Cash Flows  
Proprietary Fund Types  
Year Ended June 30, 1992

	Total Excesses	Internal Balances	Total Memorandum Only
Cash flows from operating activities:			
Operating income	3,278,149	(1,115,570)	2,162,579
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,986,203		1,986,203
Change in assets and liabilities:			
Increase in loans receivable	(4,253,073)	488	(4,252,585)
(Increase) Decrease in accounts receivable	(114,658)		(114,658)
Decrease in interest receivable	4,754		4,754
Increase in inventory	(94,558)	(9,567)	(104,125)
Increase in other assets	(2,323)		(2,323)
Increase in loans payable	4,758,000	2,241	4,760,241
(Decrease) Increase in accounts payable and other liabilities	(417,156)	73	(416,883)
Increase in salaries and wages	15,431		15,431
Increase in accrued interest	12,821		12,821
Increase in accrued compensated absences	87,270		87,270
Increase in accrued insurance claims	0	602,776	602,776
Decrease in due from other funds	138,572		138,572
Decrease in due to other funds	(231,000)		(231,000)
Net cash provided by operating activities	5,148,710	(519,557)	4,629,153
Cash flows from non-capital financing activities:			
Operating transfers in (out)	(1,803,463)	411,105	(1,492,358)
Increase in nonoperating revenues	999,912		999,912
Net cash provided by non capital financing activities	(2,803,551)	411,105	(2,492,446)
Cash flows from capital financing activities:			
Cash transferred to Trustee	(9,915,260)		(9,915,260)
Net Proceeds of Certificate of Participation issued	10,941,143		10,941,143
Acquisition and construction of capital assets	(4,172,961)		(4,172,961)
Payment of Certificate of Participation long-term	(110,000)		(110,000)
Net cash used by capital financing activities	(3,276,678)	0	(3,276,678)
Cash flows from investing activities:			
Earnings from investments	256,077	275,971	532,048
Net cash provided (used in) by investing activities	256,077	275,971	532,048
Net (Decrease) Increase in cash and cash equivalents	(1,037,322)	167,521	(869,801)
Cash and cash equivalents at beginning of year	11,119,463	1,163,172	12,282,635
Cash and cash equivalents at end of year	10,102,141	1,330,693	11,432,834

See accompanying notes to general purpose financial statements.

## **CITY OF LODI**

### **Notes to General Purpose Financial Statements**

#### **(1) Summary of Significant Accounting Policies**

The City of Lodi, California, (City) was incorporated December 6, 1906, as a municipal corporation under the general laws of State of California. The City operates under the Council – Manager form of government and provides the following services as authorized by its charter: general government, public works, public protection, sanitation, library, and parks and recreation.

The accounting policies of the City of Lodi, California, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

##### **(a) Reporting Entity**

The City's general purpose financial statements include the operations of all organizations for which the City Council exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based on the aforementioned oversight criteria, the Lodi Public Improvement Corporation (LPIC) is included in the Enterprise Sewer Fund as the City has oversight responsibility for this entity.

##### **(b) Basis of Presentation – Fund Accounting**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues, and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

##### **Governmental Fund Types**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for



## CITY OF LODI

### Notes to General Purpose Financial Statements

through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

**General Fund:** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund:** The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Fund:** The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

### **Proprietary Fund Types**

Proprietary Funds are used to account for the City's on-going organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The following are the City's proprietary fund types:

**Enterprise Fund:** Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs (expenses, including depreciation) of providing goods or services are recorded primarily through user charges; or (b) where the governing body has decided that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

## CITY OF LODI

### Notes to General Purpose Financial Statements

**Internal Service Funds:** Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

#### **Fiduciary Fund Type**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or funds.

**Agency Funds:** Agency funds are used principally to account for collection of bond proceeds with no governmental obligation and payment of related bond principal and interest. Agency funds are custodial in nature and do not involve measurement of results of operation.

**Expendable Trust Fund:** Expendable Trust Fund is used principally to account for funds held by the governmental unit in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds.

#### **Account Groups**

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The following are the City's account groups:

**General Fixed Assets Account Group:** This group of accounts is established to account for fixed assets of the City, other than those accounted for in the proprietary funds and trust funds.

**General Long-Term Debt Account Group:** This group of accounts is established to account for all long-term obligations of the City except those accounted for in the proprietary funds and trust funds.

## CITY OF LODI

### Notes to General Purpose Financial Statements

#### (c) Basis of Accounting

Governmental and Fiduciary fund types use the modified accrual basis of accounting and current financial resources measurement focus. Under this basis of accounting, revenues are recorded when they become both measurable and available to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred, except for (1) interest on general long-term obligations which are recorded when due, and (2) the non-current portion of accrued vacation and sick leave, which is recorded in the General Long-Term Debt Account Group.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are vitually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Special assessments are recorded as revenue in the year the individual installments are due.

Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

The accrual basis of accounting and economic resources measurement focus is used by the proprietary funds. Unbilled service revenue is accrued in proprietary funds.

#### (d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.

## **CITY OF LODI**

### **Notes to General Purpose Financial Statements**

#### **(e) Cash and Investments**

The City maintains a cash and investment pool that is available for all funds of the City for the purpose of increasing interest earnings through investment activities. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and investments". Interest earned on the pooled funds is allocated to various funds based on year end balances. Investments are stated at cost or amortized cost, which approximates market.

#### **(f) Inventory**

Inventory is valued at the lower of cost (weighted average method) or market. The cost of inventory is recorded as an expenditure/expense at the time individual inventory items are consumed (consumption method).

#### **(g) General Fixed Assets**

General Fixed Assets have been acquired for general governmental purposes and are stated at estimated cost (Note 6). Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the general fixed assets account group. Capital leases for buildings, improvements, and equipment are recorded in the general fixed asset account group, and the capital lease obligation payable is recorded in the general long-term debt account group. Contributed fixed assets are recorded in the general fixed asset account group at estimated fair market value at the time received.

Certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks, drain systems, and lighting systems are not capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets, nor has interest been capitalized.

#### **(h) Fixed Assets – Enterprise Fund**

Fixed assets owned by the enterprise funds are stated at cost or estimated fair market value at the time received, if donated.

## CITY OF LODI

### Notes to General Purpose Financial Statements

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Years</u>
Buildings	15 - 20
Improvements	3 - 5
Machinery and equipment	2 - 20
Utility plant	30

#### (i) Compensated Absences/Vacation and Sick Leave

Noncurrent accumulated vacation and vested sick leave benefits for governmental funds are recorded in the General Long-Term Debt Account Group as a liability and also as an amount to be provided by future operations. The amount to be provided by future operations represents the total amount that would be required to be provided from the general operating revenues of the City if all the benefits were to be paid. The current portion, the amount expected to be paid in the next twelve months, is recorded as a liability of the responsible fund type.

Enterprise Funds record compensated absences/vacation and sick leave as an expense and liability when earned by employees.

#### (j) Self-Insurance

The City is self-insured for general liability, workers' compensation, dental benefits, unemployment, and long-term disability. The operating funds are charged premiums by the City's self-insurance funds, which are accounted for as internal service funds. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year end including claims incurred but not reported.

#### (k) Total Columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

## **CITY OF LODI**

### **Notes to General Purpose Financial Statements**

#### **(l) Statement of Cash Flows**

In 1991, the City adopted Statement No. 9 of the Governmental Accounting Standards Board which requires the presentation of a statement of cash flows and certain other disclosures. The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and investments maintained in the pool to be cash equivalents.

#### **(m) Reclassifications**

Certain reclassifications have been made to the 1991 financial statements to conform with the 1992 presentation.

#### **(2) Budgetary Data**

The City adopts an annual budget for the general and special revenue funds. Financial statements which present budget and actual data include only funds for which an annual budget was adopted. The budgets of capital projects are primarily "long-term" budgets which emphasize the major programs and capital project plans extending over a number of years. Because of the long-term nature of these projects, "annual" budget comparisons are not considered meaningful, and accordingly, no budgetary information is included in the general purpose financial statements for capital projects funds.

The City Council follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

On or prior to the first regular Council meeting in June of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. The budget is established on an accrual basis.

Public hearings are conducted during meetings of the City Council to obtain citizen comments.

Prior to July 1, the budget is legally enacted through passage of an ordinance.

The City Manager or designee is authorized to transfer certain budgeted amounts between accounts; however, any revisions that alter the total appropriations or functional expenditure classifications of any fund must be approved by the City Council. Supplemental appropriations were made during the year. The Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Funds reflect all revisions.

# CITY OF LODI

## Notes to General Purpose Financial Statements

Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department and division within an individual fund.

Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through the bond indenture provisions.

### (3) Cash and Investment

The following is a recap of cash and investments, and restricted cash with fiscal agents at June 30, 1992:

Cash and investments	\$29,152,018
	<u>\$29,152,018</u>

#### (a) Cash

The City's cash deposits and certificates of deposit at year end were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

#### (b) Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, mutual funds, and the state treasurer's investment pool. The City is also authorized to enter into reverse repurchase agreements. The deferred compensation plan funds are also authorized to be invested in corporate bonds rated AA or better by Moody's Bond Ratings or AA or better by Standard and Poor's Corporation.

The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

# CITY OF LODI

## Notes to General Purpose Financial Statements

### Category 1

Securities that are insured or registered, or for which the securities are held by the City or its agent in the City's name;

### Category 2

Securities that are uninsured and unregistered and are held by the broker's or dealer's trust department or agent in the City's name; and

### Category 3

Securities that are uninsured and unregistered and held by the broker or dealer, or by its trust department or agent, but not in the City's name.

The following is a detail summary of cash and investments at June 30, 1992;

	<u>Cost</u>	<u>Approximate Market Value</u>	<u>Category</u>
<b><u>Unrestricted:</u></b>			
Cash and deposits	\$ 801,021	801,021	—
Certificates of deposit	1,450,000	1,450,000	—
Investments:			
U.S. Treasury notes	2,993,700	2,993,700	1
Local Agency Investment Fund	15,454,065	15,454,065	
Various mutual funds	4,086	4,086	
Various investments	57,085	135,000	1
Deferred compensation:			
Pooled investments	<u>8,392,061</u>	<u>8,392,061</u>	—
<b>Total cash and investments</b>	<b>\$ <u>29,152,018</u></b>	<b><u>29,229,933</u></b>	



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**CITY OF LODI**

**Notes to General Purpose Financial Statements**

**(4) Property Tax**

San Joaquin County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is levied each July 1st on the assessed value listed as of the prior March 1st for all real and personal property located in the City. Property sold after the assessment date (March 1st) is reassessed and the amount of property tax assessed is prorated. The assessed value at March 1, 1991, upon which the 1992 levy was based, was \$2,203,351,420.

Taxes are due in two equal installments on November 1 and February 1 following the levy date, payments are delinquent after 40 and 60 days, respectively.

Property taxes levied for the year ended June 30, 1992, are recorded as receivables, net of estimated uncollectibles. Property taxes paid to the City by the County within 60 days of the end of the fiscal year are "available" and are therefore, recognized as revenue. The remaining uncollected balance will be recorded as revenue when received.

**(5) Water loan receivable/Payable**

**California Safe Drinking Water Bond Note Payable**

The City entered into a \$4,758,000 contract on October 16, 1991 with the State of California Department of Water Resources to assist the City in financing the construction of a water project enabling the City to meet safe drinking water standards established by the State. The bonds are secured by the project and a pledge of user fees collected by the Water Enterprise Fund. Commencing October 1, 1993 semiannual payments of \$173,313, including interest at 3.41%, are payable October 1st and April 1st through 2014.

Loan Receivable	\$4,253,073
First requisition reimbursement received	504,927
Loan Payable	<u>\$4,758,000</u>

# CITY OF LODI

## Notes to General Purpose Financial Statements

### (6) Fixed Assets

Property, plant and equipment at June 30, 1992 consist of the following:

	Enterprise Funds	General Fixed Assets	Total
Land	\$ 4,725,287	16,377,029	21,102,316
Buildings and improvements	7,637,062	22,726,251	30,363,313
Machinery and equipment	32,940,184	2,181,633	35,121,817
Construction in progress	14,866,945		14,866,945
Vehicles	1,753,422	2,000,181	3,753,603
Capital Lease Assets		766,301	766,301
Total	61,922,900	44,051,395	105,974,295
Less accumulated depreciation	(14,200,816)		(14,200,816)
Net	\$ 47,722,084	44,051,395	91,773,479

The City of Lodi during the fiscal year established fixed assets for the first time. The City used an estimation method to establish historical cost. The method used by the City is known as normal costing or back trending. Under this method, the City estimated the historical cost of an asset by taking the current cost of reproduction and dividing that amount by the price index since acquisition for that specific asset or class of assets. The amounts to establish fixed assets are reflected as adjustments to retained earnings or investment in general fixed assets.

# CITY OF LODI

## Notes to General Purpose Financial Statements

### (7) Long-Term Debt and Capitalized Lease Obligations

The following is a summary of debt transactions of the City for the year ended June 30, 1992:

	<u>Interest Rates</u>	<u>June 30, 1991</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 1992</u>
<b>General long-term debt account group:</b>					
Compensated absences		\$ 2,409,527	323,132	\$	2,732,659
General obligation bonds:					
1965 Municipal Improvement Bonds:					
Series A	3.50%	1,350,000		250,000	1,100,000
Series B	4.5 - 5.25%	150,000		45,000	105,000
		<u>1,500,000</u>	<u>0</u>	<u>295,000</u>	<u>1,205,000</u>
Special assessment district bonds with governmental commitment					
Lodi United Downtown, net of \$5,894 discount	8.75 - 9.90%	263,264		24,158	239,106
Capitalized lease obligations:					
IBM Corporation	7.42%	70,250		16,798	53,452
IBM Corporation	7.44%	117,006		27,393	89,613
IBM Corporation	7.86%	8,521		8,521	(0)
IBM Corporation	7.50%	39,531		27,412	12,119
IBM Corporation	7.50%	34,908		16,801	18,107
Caterpillar	7.50%	271,129		46,689	224,440
Emergency One	7.49%		51,375	7,572	43,803
IBM Hardware - LPD	7.40%	541,345	51,375	151,186	441,534
		<u>\$ 4,714,136</u>	<u>374,507</u>	<u>470,344</u>	<u>\$ 4,618,299</u>
<b>Enterprise Funds:</b>					
Certificates of participation, net of \$499,402 discount	4.50 - 6.60%	8,746,213	10,670,598	8,746,213	10,670,598

# CITY OF LODI

## Notes to General Purpose Financial Statements

Long-term debt payable at June 30, 1992 is comprised of the following individual issues:

### 1965 Municipal Improvement Bonds -- Series A --

These bonds were issued to finance the construction of sewer and drainage facility plus a public safety building. The bonds are secured by a pledge of property tax revenues. Principal is payable annually through October 1, 1995, with interest.

### 1965 Municipal Improvement Bonds -- Series B --

These bonds were issued on May 1, 1969 to finance the construction and completion of storm drain improvements for the City of Lodi. The bonds are secured by a pledge of property tax revenues. The annual principal payments, with semiannual payment interest of 4.50% to 5.25%, are payable on May 1 and November 1 through 1994.

### Special Assessment District Bonds with Governmental Commitment --

The City is obligated under the terms of the Lodi United Downtown special assessment bond indentures, in the absence of any other bidder, to be the purchaser of property upon which any special assessments are levied and are delinquent.

### Certificates of Participation --

\$11,170,000 Certificates of Participation (1991 Wastewater Treatment Plant Expansion Refunding Project), were sold in December 1991 to refinance the 1988 Wastewater Treatment Plant Expansion Project at a lower interest rate with approximately \$1,400,000 of additional proceeds. Principal is payable annually August 1, beginning 1992, in amounts from \$330,000 to \$760,000 with final payment due August 1, 2026. Interest rates range from 4.50% to 6.60%.

The annual principal and interest requirements to amortize all debt outstanding as of June 30, 1992 are as follows:

Year Ending June 30,	General Obligation Bond		Special Assessment Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
1993	\$ 310,000	43,637	25,000	23,950	330,000	717,815
1994	325,000	32,288	30,000	21,575	100,000	708,040
1995	280,000	19,950	30,000	18,695	110,000	703,022
1996	290,000	10,150	35,000	15,785	110,000	697,605
1997	0	0	40,000	12,355	115,000	691,836
thereafter	0	0	85,000	12,870	10,405,000	13,702,105
	\$ 1,205,000	106,025	245,000	105,230	11,170,000	17,220,423

## CITY OF LODI

### Notes to General Purpose Financial Statements

The various indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverages. City management believes the City is in compliance with all such significant limitations and restrictions.

The present value of future minimum capital lease payments as of June 30, 1992 are as follows:

<u>Fiscal Years</u>	
1992	167,283
1993	136,056
1994	124,785
1995	79,244
1996	2,042
Total minimum lease payments	509,410
Less amounts representing interest	67,876
Present value of minimum capital lease payments	<u>441,534</u>

### Industrial Development Bonds

The City of Lodi has lent its name to the City of Lodi Industrial Development Authority for the purpose of issuing the following industrial development bonds and original issue amounts: Minton Corporation \$5,000,000; Dart Corporation \$8,000,000; and Wallace Computer Services \$3,000,000 Industrial Development Bonds.

These bonds are special obligation bonds only, payable solely out of the bond revenues or other sources of the above companies and are not a pledge of the general credit of the City of Lodi. The City of Lodi is not obligated for the redemption or administration of these industrial development bonds.

# CITY OF LODI

## Notes to General Purpose Financial Statements

### (8) Due From/To Other Funds or Governmental Agencies

#### Due From/To Other Funds

Individual fund interfund receivable and payable balances, excluding due from governmental agencies (see note 5) by fund type at June 30, 1992 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Special Revenue Funds	\$	68,500
Capital Projects Funds	161,839	459,100
Enterprise Funds	998,761	633,000
	<u>\$ 1,160,600</u>	<u>1,160,600</u>

#### Due from Other Governments

Due from other governments represents amounts due from the State of California and the federal government as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
State of California	\$ 17,432	66,000	\$ 83,432
Federal government		81,229	81,229
Public Employee Retirement System	1,040,704		1,040,704
	<u>\$ 1,058,136</u>	<u>147,229</u>	<u>\$ 1,205,365</u>

State of California/Federal Government — These amounts represent expenditures made by the City for various grant programs but not reimbursed prior to June 30, 1992.

# CITY OF LODI

## Notes to General Purpose Financial Statements

### (9) Fund Balance

The following is a summary of reserved, unreserved—designated and unreserved fund balances at June 30, 1992:

	General	Special Revenue	Debt Service	Capital Projects	Trust & Agency	Total
Reserved for:						
Encumbrances	\$ 56,738	162,848		132,654		\$ 352,240
Inventory	102,773					102,773
Total Reserved	159,511	162,848	0	132,654	0	455,013
Unreserved—Designated for:						
Prior Year Obligations	447,278	2,283,080		3,620,396	20,298	6,371,053
Plant Replacement			16,545			16,545
Debt Service			216,520			216,520
Loan Repayment				200,000		200,000
Total Designated	447,278	2,283,080	233,065	3,820,396	20,298	6,804,118
Unreserved	714,227					714,227
Total Fund Balances	\$ 1,321,016	2,445,928	233,065	3,953,050	20,298	\$ 7,973,357

#### Reserved Fund Balance

Reserved fund balance indicates that portion of fund equity which has been legally segregated for specific purposes.

#### Unreserved—Designated Fund Balance

Designated fund balance indicates that portion of fund equity for which the City has made tentative plans.

#### Unreserved—Undesignated Fund Balance

Undesignated fund balance indicates that portion of fund equity which is available for budgeting in future periods.

## CITY OF LODI

### Notes to General Purpose Financial Statements

#### Operating Transfers

Total operating transfers by fund type at June 30, 1992, are as follows:

Fund	Operating Transfers	
	In	Out
General fund	\$ 5,217,101	1,571,856
Special Revenue Funds	356,878	143,573
Capital Projects Funds	200,946	576,737
Enterprise Funds	3,544,239	7,438,102
Internal Service Funds	427,994	16,889
	<u>\$ 9,747,157</u>	<u>9,747,157</u>

#### Special Assessment Districts

In accordance with the Governmental Accounting Standards Board Statement No. 6, the special assessment district debt for which the City has no obligation is recorded in an agency fund. The debt service transactions for the "Turner Road and Cluff Avenue" and the "Industrial Way and Beckman Road" special assessment district bonds are accounted for in the trust and agency funds. The City is not obligated in any manner in the event of default on the debt.

The special assessment district debt for which the City has an obligation is recorded on the City's financial statements. As the City is obligated on the Lodi United Downtown assessments, the debt is recorded in the general long-term debt account group (see note 7). The debt service transactions for this assessment are recorded in the debt service fund.



## CITY OF LODI

### Notes to General Purpose Financial Statements

#### (12) Defined Benefit Pension Plan

##### (a) Plan Description

The City contributes to the California Public Employees' Retirement System (PERS or System), an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The City's payroll for employees covered by the System for the year ended June 30, 1992 was \$14,119,323 which is 84.7% of the City's total payroll of \$16,656,423.

The System covers essentially all employees, except elected officials and those employees compensated on an hourly basis who were hired after May 31, 1966.

City safety employees who retire at age 50 are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent per year times years of service based on the average monthly pay during the last twelve consecutive months of service or another period of twelve consecutive months if the average pay rate was higher. The benefit rate increases by retirement age up to a maximum of 2.7% after age 54.

All other City employees who retire at age 60 are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent per year times years of service based on the average monthly pay during the last 36 consecutive months of service or another 36 consecutive month period if the average pay rate was higher. The benefit rate fluctuates depending on the employee's retirement age. The lowest rate of 1.092% is received at retirement age after 50. The maximum rate is 2.418% at a retirement age after 62.

The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City resolution.

Certain safety employees are required to contribute 9% to their annual salary to the System. All other employees are required to contribute seven percent. The City is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration.

## CITY OF LODI

### Notes to General Purpose Financial Statements

#### (b) Funding Status and Progress

The amounts shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee services to date. The measure is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of funding method used to determine contributions to the System.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1991. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.75% a year compounded annually, (b) projected salary increases of 4.5% a year compounded annually, attributable to inflation, (c) additional projected salary increases of 2.65% a year, attributable to seniority/merit, and (d) no post retirement benefit increases.

Total unfunded pension benefit obligation applicable to the City's employees was \$3,359,333 at June 30, 1992, as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 24,303,940
Current employees:	
Accumulated employee contributions including allocated investment earnings	11,366,720
Employer-financed vested	11,975,453
Employer-financed nonvested	756,531
Total pension benefit obligation	48,402,644
Net assets available for benefits, at cost (market value approximates \$49,953,032)	45,043,311
Unfunded pension benefit obligation	\$ 3,359,333

Changes in the pension benefit obligation from last year of \$299,560 were due to changes in actuarial assumptions.

## CITY OF LODI

### Notes to General Purpose Financial Statements

#### (c) Actuarially Determined Contribution Requirements and Contribution Made

PERS uses the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of unfunded actuarial liability ends on June 30, 2000.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described.

The contribution to the System for 1992 of \$2,721,845 was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 1991. The contributions consisted of: (a) \$2,393,535 normal cost ( 16.95 % of current covered payroll) and (b) (\$328,310) amortization of the unfunded actuarial accrued payroll liability (2.33% of current covered payroll). The City contributed \$1,624,898 of this total (11.5% of current payroll) and the employees contributed \$1,096,947(7.77 % of current covered payroll). The actual employer contributions were reduced by \$921,680 due to permitted usage of surplus assets.

#### (d) Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. For fiscal years after 1987, PERS began to provide the City, as well as all other system members, information necessary to comply with actuarial disclosure requirements. Until ten years of data can be accumulated, the available data for the period the System was in place will be presented.

1988 is the first year that the actuarial information was made available by PERS. Actuarial information is computed through an actuarial valuation performed as of June 30 of the previous year. The trend information for fiscal year ended June 30, 1987 through 1992 are as follows:

# CITY OF LODI

## Notes to General Purpose Financial Statements

Fiscal Year	Net Assets Available For Benefits	Pension Benefit Obligations	Percentage Funded	Unfunded Pension Benefit Obligation	Actual Annual Covered Payroll	Unfunded Pension Benefit Obligation As A Percentage of Covered Payroll	Made in Accordance with Actuarially Determined Requirements, as a Percentage of Covered Payroll	
							As Employer	On behalf of Employee
1987	28,784,100	34,242,600	84.1%	5,458,500	9,606,000	56.8%	15.6%	7.9%
1988	32,566,900	37,522,800	86.8%	4,955,800	10,472,500	47.3%	11.9%	7.8%
1989	37,248,900	40,651,700	91.6%	3,402,800	11,184,300	30.4%	11.5%	7.8%
1990	41,873,300	45,347,800	92.3%	3,474,500	12,736,600	27.3%	10.2%	7.8%
1991	45,043,300	48,402,600	93.1%	3,359,300	14,119,323	23.2%	11.5%	7.8%

### (13) Deferred Compensation Plan

The City offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claim of the City's general creditors. Participants' rights under the Plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City does have the duty of due care that would be required of an ordinary prudent investor.

# CITY OF LODI

## Notes to General Purpose Financial Statements

### (14) Segments of Enterprise Activities

There are three services provided by the City which are financed by user charges -- electric, sewer, and water. Selected financial data for those three services for the year ended June 30, 1992 are as follows:

	Electric	Sewer	Water	Total
Operating revenues	\$ 34,598,322	3,406,086	2,659,693	40,664,101
Operating expenses:				
Depreciation	(846,900)	(775,981)	(363,322)	(1,986,203)
Other	(31,443,936)	(2,394,811)	(1,560,802)	(35,399,549)
Operating income (loss)	2,307,486	235,294	735,569	3,278,349
Nonoperating revenue	566,016	535,328	154,675	1,256,019
Operating transfers in (out), net	(2,743,392)	(365,763)	(784,706)	(3,893,863)
Net income (loss) before extraordinary loss	\$ 130,110	404,859	105,536	640,505
Extraordinary loss		(1,028,100)		(1,028,100)
Net income (loss) after extraordinary loss	\$ 130,110	(623,241)	105,536	(387,595)
Additions to fixed assets, net	\$ 722,022	2,273,866	1,176,996	4,172,961
Net working capital	\$ 6,584,475	4,841,161	172,578	11,598,214
Total assets	\$ 18,469,142	24,763,820	14,343,720	67,576,682
Certificates of participation, net	\$	10,670,598		10,670,598
Total equity	\$ 17,357,792	23,321,564	8,786,080	49,465,436

# CITY OF LODI

## Notes to General Purpose Financial Statements

### (15) Contingent Liabilities

**Self-Insurance** — The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a Risk Management Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the City is self-insured under its existing general liability insurance policy for the first \$500,000 of claims, per occurrence, with the California Joint Powers Insurance Agency (CJPIA, note 17) providing certain liability coverage for the next \$500,000 per occurrence and in the aggregate. Additional coverage is available with the CJPIA for claims in excess of \$1,000,000 to \$10,000,000 per occurrence and in the aggregate.

The City is also self-insured with respect to workers' compensation, dental, unemployment, and long term disability for its employees. Self-insured transactions are accounted for in the Internal Service Fund. General liability and workers' compensation are administered by an outside agency, the other programs are administered by the City. The City purchases commercial insurance for workers' compensation claims from \$300,000 to \$1,000,000. Incurred but not reported claims have been considered in determining the accrual for the self-insurance reserve.

The City has a self-insurance reserve of \$2,048,796 which is reported as a liability in the Internal Service Fund. The reserve amount is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Payable amounts are based on administrators reports and the City's estimate for incidents incurred but not reported. The City does not use an actuary to determine the liability. Changes in claim reserve amounts in fiscal year ended June 30, 1992 are as follows:

	Beginning-of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
1991-1992	\$ 1,446,024	308,602	294,170	2,048,796

**Expansion of Sewage Treatment Plant** — The City issued certificates of participation to pay for the expansion of the capacity of its sewage treatment plant. The City is committed to pay any sewage treatment plant expansion costs in excess of the cash provided from the issuance of the certificates of participation.

# CITY OF LODI

## Notes to General Purpose Financial Statements

**Litigation –** The City of Lodi, California is a defendant in various lawsuits. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial condition of the City.

**Arbitrage Earnings Rebate Liability –** Bond Council has calculated possible arbitrage earnings of \$134,979 as of August 1, 1992. Arbitrage earnings are defined as income earned on the unexpended tax exempt bond proceeds in excess of that which would have been earned had the monies been invested in securities with a yield of the effective rate of the bond anticipation notes. Currently, arbitrage earnings must be rebated to the United States Treasury every five years from the date of August 1, 1988.

### (16) Membership in the Northern California Power Agency

The City, along with various other public agencies, is a member of the Northern California Power Agency (NCPA) which was originated for the purpose of exercising their common power to purchase, generate, sell or interchange electric energy and capacity through the acquisition and use of electrical generation and transmission facilities. NCPA's governing body is composed of one representative from each member. The governing body is given the general management of the affairs, property and business of NCPA and is vested with all powers of NCPA. Expenses related to payments to NCPA at June 30, 1992 amounted to \$25,793,912.

The City, under its contractual obligations, jointly funds the operations, construction and development programs of NCPA. The City has committed, if necessary, to advance certain annual amounts to NCPA in the future for the continuance of construction and development programs. No funding of future advances is contemplated for 1993. The membership in NCPA is considered a joint venture for accounting purposes. The following are condensed financial statements for NCPA:

#### Combined Balance Sheet June 30, 1991

Assets		Liabilities and Capitalization	
Current assets	\$ 61,115,000	Current portion of long-term debt	\$ 22,190,000
Restricted assets	353,830,000	Other current liabilities	56,598,000
Electric plant, net	770,879,000	Other liabilities and deferred credits	26,992,000
Other Assets and deferred charges	373,438,000	Long-term debt	1,420,860,000
		Accumulated net revenues	32,622,000
Total assets	\$ <u>1,559,262,000</u>	Total liabilities and capitalization	\$ <u>1,559,262,000</u>

# CITY OF LODI

## Notes to General Purpose Financial Statements

### Combined Statement of Revenue and Expenses June 30, 1991

Sales	150,808,000
Operating Expenses	(80,485,000)
Nonoperating expenses, net	<u>(65,973,000)</u>
Net revenue	<u>4,350,000</u>

### Combined Statement of Cash Flows June 30, 1991

Net cash provided by operating activities	96,956,000
Net cash provided by investing activities	70,856,000
Net cash used in capital and related financing activities	(141,699,000)
Net cash provided by non-capital and related financing activities	<u>1,696,000</u>
Increase in cash and cash equivalents	<u>27,809,000</u>

#### (17) Membership in the California Joint Powers Insurance Authority

The City is a member of CJPIA. Various public agencies formed the CJPIA for the purpose of sharing the risk of catastrophic general liability, automobile liability and public officials' errors and omissions losses because adequate insurance is not available in the commercial insurance market.

The ultimate cost of the program to the City will depend on the catastrophic losses of all members, as well as the City's own loss experience, and will be determined retrospectively five years after the end of the current program year. The City periodically pays deposits to the CJPIA.

These deposits are recorded as expenditures in the year paid as they are a reasonable estimate of the actual cost of the program. During the year ended June 30, 1992, no deposits were paid to the CJPIA.



## CITY OF LODI

### Notes to General Purpose Financial Statements

#### (18) Advanced Refunding Obligations: Certificates of Participation

In December 1991, the City issued its Certificate of Participation – Wastewater Treatment Plant Expansion Refunding Project Series 1991 to replace Series 1988.

The refunding in the short term improves debt service cash flows by taking advantage of lower long-term interest rates.

The 1988 Certificate of Participation's are not actually redeemable until August 1, 1993, but were considered redeemed as of December 18, 1991. The City transferred sufficient assets to an irrevocable trust to provide for future debt service payments on the 1988 COP until their call date of August 1, 1993. The defeasance of the certificates freed the City from liability for the certificates and accordingly, the certificates payable and assets sufficient to retire the indebtedness were removed from the combined balance sheet.

A summary of the extraordinary loss from refunding as of December 18, 1991 follows:

Unmatured principal	\$	9,100,000
Interest payable by trust		270,948
Unamortized bond discount		<u>(463,788)</u>
Net obligation defeased		8,907,160
Funds transferred to trust		<u>9,935,260</u>
Loss on defeasance	\$	<u><u>1,028,100</u></u>

The refunding will enable the City to reduce debt service cash outflow by approximately \$88,000 during the first year, but will increase total cash outflow by approximately \$1,700,000 as compared to the prior indentures. The increase in cash outflow of approximately \$1,700,000 is primarily due to the increased level of debt plus related interest. The refunding also provides an economic gain (present value of the difference between new and old debt service requirements) of approximately \$870,000.

## **CITY OF LODI**

### **Notes to General Purpose Financial Statements**

#### **(19) Excess of Actual Expenditures Over Budget in Individual Funds**

Actual expenditures exceeded budget by \$84,957 in the General Fund Public Protection budgetary level. Available fund balance and current revenues were sufficient to fund these excess expenditures.

#### **(20) Deficits in Fund Balance/Retained Earnings**

The following individual funds had a deficit in Fund Balance/Retained Earnings at June 30, 1992:

Community Development Agency (Special Revenue Funds) – A deficit fund balance in the amount of \$41,472 in the Community Development Block Grant is due to costs and expenses incurred in relation to the planning stages of the various projects in the City's Development plan prior to actual receipt of expenditure reimbursements.

#### **(21) Subsequent Events**

##### **Local Agency's Worker's Compensation Excess Joint Powers Authority**

The City Council authorized participation in the Local Agency's Workers' Compensation Excess Joint Powers Authority (LAWCX). Participation required an initial three-year commitment. The rate for the City of Lodi was set at eighteen cents per \$100 of payroll, three cents of which funds a "pool". Once fully funded (in 3–5 years), it is anticipated that the rate will drop. In addition, the self-insured retention of the City was reduced, and LAWCX provided excess insurance to statutory limits.

##### **Dial–A–Ride**

Effective September 10, 1992 the City Council authorized the hiring on a contract basis the present Dial–A–Ride dispatchers and drivers and terminated the contract with City Cab Company due to their failure to maintain Worker's Compensation insurance. This failure represented a material and intentional breach contract.

##### **NCPA Bond Issuance**

The City's electric utility is a member of the Northern California Power Agency (NCPA), a joint exercise of powers agency, which issued \$163,240,000 in revenue bonds on October 20, 1992 for multiple capital facilities. One of those facilities to be constructed is a power generating station to be built in Lodi and sold to the City upon completion (Feb. 1995). The estimated cost of the project is \$9.4 million. The bonds are to be paid through revenues collected by the NCPA on sale of electricity. The Member Agreements do not authorize NCPA to require the Project Participants in any Component to pay debt service allocable to any other Component.

## GENERAL FUND

## OVERVIEW

The General Fund is maintained to account for all financial resources that are not restricted as to their use. This includes sales taxes, business tax receipts, franchise taxes, and various subventions such as Cigarette Taxes and Motor Vehicle In-Lieu fees received from the State of California. With the exception of grant programs, General Fund sources can be utilized for any legitimate governmental purpose.

Due to the scale and flexibility of General Fund revenues, a broad range of municipal services are provided through this fund. The following is a summary of the services primarily financed through the General Fund by Department:

### Office of the City Manager

- Implementation of City Council policies
- Intergovernmental relations
- Community Promotion
- Risk Management and Insurance
- Salary and Benefits Administration
- Budget Administration
- Transit Operations
- Disaster Preparedness
- Solid Waste Management
- Telecommunications
- Safety

### Office of the City Attorney

- Legal Advisor to the City Council
- Contract Review
- Litigation

### Office of the City Clerk

- Official City Recordkeeping
- Council Meeting Agendas and Minutes
- Elections
- Chamber of Commerce

### Department of Finance

- Revenues and Collections
- Financial Reporting
- Debt and Investment Management
- Data Processing
- Parking Enforcement
- Utility Billing
- Purchasing

### Personnel Office

- Employee Relations
- Recruitment, Selection and Classification
- Affirmative Action
- Benefits Administration

### Police Department

- Patrol
- Crime Prevention
- Animal Control
- Investigations
- Drug Suppression

### Fire Department

- Emergency Response
- Hazard prevention
- Weed Abatement

### Parks and Recreation Department

- Park Maintenance
- Youth Programs
- Adult Programs
- Pre-school Programs
- Senior Activities
- Aquatics
- Trips and Classes

### Library

- Adult Reading Material
- Youth Reading Material
- Research Services
- Adult & Youth Education Programs

### Community Center Office

- Aquatics
- Facilities Administration
- Senior Activities
- Cultural Activities

### Department of Public Works

- Engineering Services
- Street Paving and Sweeping
- Sidewalk and Street Maintenance
- Traffic Signal & Sign Maintenance
- Storm Drain Maintenance
- Tree Maintenance
- Vehicle & Equipment Maintenance
- Building Maintenance
- Parking Lot Maintenance

### Department of Community Development

- Development Review
- General Plan
- Environmental Impact Reporting
- Demographic Information
- Design Review
- Building and Safety

Although several of the activities listed above may be partially financed through other funds, the primary source of funding for these services is the General Fund. For example, central support services provided by the Department of Finance are organized in the General Fund, these services are provided to Enterprise Fund Activities, Special Revenue Fund Activities, and Capital Outlay Fund Activities. Reimbursement transfers are made from the other funds to the General Fund based on a formula calculated each year as compensation for these services.

**CITY OF LODI**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**June 30, 1992**  
 (with comparative totals for June 30, 1991)

	<u>1992</u>	<u>1991</u>
<b>ASSETS</b>		
Cash and Investments	\$ 2,374,760	\$ 2,516,650
Receivables (net of allowance for uncollectibles):		
Accounts	348,459	366,283
Property taxes	59,396	
Interest	80,475	79,290
Due from other funds or governmental agencies	1,056,136	20,162
Inventory	102,773	94,739
Other assets	<u>23,716</u>	<u>28,572</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>4,047,715</u></b>	<b>\$ <u>3,105,696</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 376,296	\$ 402,892
Accrued salaries and wages	271,235	228,605
Accrued compensated absences	1,047,290	1,043,236
Deferred revenue	<u>1,031,878</u>	
<b>TOTAL LIABILITIES</b>	<b>2,726,699</b>	<b>1,674,733</b>
 <b>FUND EQUITY</b>		
Fund balances:		
Reserved for encumbrances	56,738	102,455
Reserved for inventory	102,773	100,455
Unreserved - designated	447,278	514,760
Unreserved	<u>714,227</u>	<u>713,293</u>
<b>TOTAL FUND BALANCE</b>	<b>1,321,016</b>	<b>1,430,963</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ <u>4,047,715</u></b>	 <b>\$ <u>3,105,696</u></b>

See accompanying independent auditors' report.

## CITY OF LODI

**GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

June 30, 1992  
(with comparative totals for June 30, 1991)

	1992		1991		VARIANCE - Favorable (Unfavorable)
	BUDGET	ACTUAL	BUDGET	ACTUAL	
<b>REVENUES</b>					
Taxes	10,212,766	10,174,079	10,087,225	9,790,158	(287,067)
License and permits	398,285	420,249	591,250	545,174	(46,076)
Intergovernmental revenues	3,160,729	3,300,733	2,215,760	2,580,784	365,024
Charges for services	4,299,008	4,352,208	4,060,170	4,001,510	(58,660)
Fines, forfeits and penalties	259,115	251,581	285,500	340,891	55,391
Interest and rental income	993,175	921,792	775,865	669,099	(106,766)
Miscellaneous revenue	73,650	155,939	394,000	543,061	149,061
Total revenue	19,116,558	19,986,581	18,499,800	18,870,677	370,877
<b>EXPENDITURES</b>					
Current					
General government	3,855,444	3,566,108	3,168,178	3,046,717	(121,461)
Public protection	9,780,560	9,665,517	9,140,307	9,122,438	(17,869)
Public works	3,032,474	2,680,114	2,777,675	2,716,933	(60,742)
Sanitation	3,529,130	3,425,301	3,537,460	3,446,491	(77,969)
Library	1,463,995	946,941	1,373,750	903,940	(469,810)
Parks and recreation	2,732,533	2,645,782	2,510,349	2,483,125	(27,224)
Total Expenditures	24,385,136	23,251,773	22,497,689	21,722,674	(775,015)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(4,968,578)	(3,755,192)	(4,087,889)	(3,051,997)	1,035,892
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	5,131,025	5,217,101	3,278,835	3,293,271	21,436
Operating transfers out	(1,198,856)	(1,571,856)	(1,562,648)	(640,086)	(77,480)
Total other financing sources (uses)	3,932,169	3,645,245	2,716,187	2,653,185	(54,001)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,036,409)	(109,947)	(1,371,702)	(398,814)	981,888
<b>FUND BALANCE, BEGINNING OF YEAR</b>	1,430,963	1,430,963	1,620,777	1,620,777	
<b>FUND BALANCE, END OF YEAR</b>	395,734	1,321,016	449,075	1,430,963	981,888

See accompanying independent auditor's report.

**SUPPLEMENTAL FINANCIAL STATEMENTS**

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**SPECIAL REVENUE FUNDS**

## **OVERVIEW**

The City has established the following six special revenue funds in order to account for the proceeds from revenue sources that are restricted to expenditures for specific purposes.

### **Asset Seizure Fund**

This fund was established to account for the revenues and expenditures related to the City's share of property forfeited by persons convicted of possession and selling illegal drugs.

### **Special Grants**

This fund has been established to account for the receipt of smaller grants from Federal and State sources.

### **Gas Tax Fund**

This fund has been established to account for revenues and expenditures apportioned to the City under the Streets and Highway Code. Portions of the tax rate levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditure by the State of California for street related purposes, only.

### **Transportation Fund**

This fund was established to account for the receipt of monies from the State of California apportioned to the City for transportation purposes. The State has designated 1/4% of the 6% sales tax levied statewide for local transportation purposes. Funding for this program was provided during the 1971 legislative session with the enactment of the Transportation Development Act, which extended the 6% sales tax to include purchases of gasoline. Revenues allocated to the City of Lodi under this program are divided into two categories: Article 8 funds, which are restricted for the improvement and maintenance of street systems, and Article 4 funds, which are restricted for public transit systems.

### **Development Impact Mitigation Fee Fund**

This fund was established to account for impact fees charged to provide for the building of various capital improvements needed to serve new development. The fees are calculated on a per acre basis and are collected at subdivision final map approval or with building permit stage effective November 4, 1991.

### **Community Development Block Grant**

This fund was established to account for Federal monies provided to the City principally for low and moderate income residents to develop a suitable living environment and expanding economic opportunities.



CITY OF LODI  
ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 1992  
(with comparative totals for June 30, 1991)

	Asset Seizure	Special Grants	Gas Tax	Transportation	Development Impact Mitigation Fees	Community Development Block Grant	Totals	
							1992	1991
<b>ASSETS</b>								
Cash and Investments	\$ 120,822	(48,053)	684,331	492,683	602,101	(110,729)	\$ 1,741,155	\$ 1,016,564
Receivables (net of allowance for uncollectibles):								
Accounts				668,953			668,953	277,893
Interest	1,802		10,041	10,342	8,906		31,091	18,390
Due from other funds or governmental agencies		65,999				81,230	147,229	33,763
Other assets				31,609			31,609	10,507
<b>TOTAL ASSETS</b>	<b>\$ 122,624</b>	<b>17,946</b>	<b>694,372</b>	<b>1,203,589</b>	<b>611,007</b>	<b>(29,499)</b>	<b>\$ 2,620,039</b>	<b>\$ 1,177,027</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable and other liabilities	\$	6,738	3,074	61,207	8,924	10,495	\$ 90,438	\$ 52,687
Accrued salaries and wages		332	5,325	8,039		1,477	15,173	9,886
Due to other funds				68,500			68,500	68,500
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>7,070</b>	<b>8,399</b>	<b>137,746</b>	<b>8,924</b>	<b>11,972</b>	<b>174,111</b>	<b>131,073</b>
<b>FUND EQUITY</b>								
Fund balances:								
Reserve for encumbrances	309	41,875	19,420	7,601	93,643		162,848	188,740
Unreserved - designated	122,315	(10,999)	666,552	1,058,243	508,439	(41,471)	2,283,080	1,057,214
<b>TOTAL FUND BALANCE</b>	<b>122,624</b>	<b>10,876</b>	<b>685,972</b>	<b>1,065,844</b>	<b>602,082</b>	<b>(41,471)</b>	<b>2,445,928</b>	<b>1,245,954</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 122,624</b>	<b>17,946</b>	<b>694,372</b>	<b>1,203,589</b>	<b>611,007</b>	<b>(29,499)</b>	<b>\$ 2,620,039</b>	<b>\$ 1,177,027</b>

See accompanying independent auditors' report.

**CITY OF LODI**  
**ALL SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**June 30, 1992**  
**(with comparative totals for June 30, 1991)**

	Asset Seizure	Special Grants	Gas Tax	Transportation	Development Impact Mitigation Fees	Community Development Block Grant	Totals	
							1992	1991
<b>REVENUES</b>								
Taxes	\$		690,211	440,787			\$ 1,130,998	\$ 782,146
Intergovernmental revenues	62,296	62,613		1,524,568		344,263	2,013,739	1,533,224
Charges for services				119,685	491,503		611,188	60,576
Interest and rental income	8,852	439	36,859	47,124	33,792		129,067	93,464
Miscellaneous revenue				23,335			23,335	20,218
Total revenue	91,148	63,052	929,070	2,155,499	525,295	344,263	4,108,327	2,509,628
<b>EXPENDITURES</b>								
Current								
General government				1,522,444			1,522,444	1,136,583
Public protection	37,562						37,562	18,811
Public works			659,367	319,983		344,263	1,323,612	1,583,695
Parks and recreation		65,801					65,801	1,506
Capital outlay					172,237		172,237	
Total expenditures	37,562	65,801	659,367	1,842,427	172,237	344,263	3,121,637	2,740,595
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	53,586	(2,749)	269,704	313,072	353,058	0	986,690	(230,967)
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfers in					249,025	107,851	356,876	101,702
Operating transfers out	(35,720)					(107,851)	(143,571)	(41,203)
Total other financing sources (uses)	(35,720)	0	0	0	249,025	0	213,305	60,499
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	17,866	(2,749)	269,704	313,072	602,083	0	1,199,975	(170,468)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	104,758	14,114	416,270	752,284		(41,472)	1,245,954	1,416,422
<b>FUND BALANCE, END OF YEAR</b>	\$ 122,624	\$ 11,365	\$ 685,974	\$ 1,065,356	\$ 602,083	\$ (41,472)	\$ 2,445,929	\$ 1,245,954

See accompanying independent auditor's report.

## CITY OF LODI

SPECIAL REVENUE FUNDS  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUALJune 30, 1992  
(with comparative totals for June 30, 1991)

	1992			1991		
	BUDGET	ACTUAL	VARIANCE - Favorable (Unfavorable)	BUDGET	ACTUAL	VARIANCE - Favorable (Unfavorable)
<b>REVENUES</b>						
Taxes	\$ 1,371,310	1,330,998	(40,312)	\$ 896,800	782,146	(214,654)
Intergovernmental revenues	1,054,235	2,013,719	959,484	1,564,329	1,553,221	(11,108)
Charges for services	1,138,300	611,168	(527,132)	126,580	60,376	(66,204)
Interest and rental income	113,542	129,067	15,525	64,975	93,464	28,489
Miscellaneous revenue	11,260	23,335	12,075	7,310	20,216	12,906
Total Revenue	3,691,187	4,108,327	417,140	2,599,995	2,999,628	(601,367)
<b>EXPENDITURES</b>						
Current						
General government	1,726,243	1,522,414	203,829	1,807,142	1,136,583	670,559
Public protection	126,750	37,562	89,188	21,465	18,811	2,654
Public works	2,835,819	1,323,613	1,512,206	3,106,568	1,583,695	1,522,873
Parks and recreation	148,449	65,801	82,648	151,835	1,506	150,329
Capital outlay	490,974	172,237	318,737			0
Total Expenditures	3,338,235	3,121,637	2,206,598	5,086,010	2,740,595	2,345,415
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,635,048)	986,690	2,621,739	(2,486,015)	(230,967)	2,255,048
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in		356,878	356,878		101,702	101,702
Operating transfers out	(35,720)	(133,373)	(107,653)	(23,436)	(1,203)	(17,762)
Total other financing sources (uses)	(35,720)	223,505	259,225	(23,436)	60,499	83,935
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,670,768)	1,199,973	2,870,741	(2,522,461)	(170,468)	2,351,993
FUND BALANCE, BEGINNING OF YEAR	1,245,954	1,245,953		1,418,421	1,418,421	
FUND BALANCE, END OF YEAR	(21,814)	2,445,926	2,467,740	(1,106,040)	1,247,953	2,353,993

See accompanying independent auditor's report.

SUPPLEMENTAL FINANCIAL STATEMENTS

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DEBT SERVICE FUND

## **OVERVIEW**

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The City has established a debt service fund to account for the payment and accumulation of resources related to general long-term debt principal and interest for the following debt issues:

### **1965 Municipal Improvement Bonds – Series A and B**

These bonds were issued in 1965 and 1969 to finance the construction of sewer, storm drainage and a public safety building. These bonds are secured by a pledge of property tax revenues.

### **Special Assessment District Bonds**

These bonds were issued in 1984 to finance a downtown beautification program and are secured by an assessment of properties in the District.

**CITY OF LODI**  
**DEBT SERVICE FUND**  
**COMPARATIVE BALANCE SHEET**  
**June 30, 1992**  
**(with comparative totals for June 30, 1991)**

	<u>1992</u>	<u>1991</u>
<b>ASSETS</b>		
Cash and Investments	\$ 232,799	\$ 232,207
Receivables (net of allowance for uncollectibles):		
Interest	632	694
Special assessment	<u>25,000</u>	<u>25,000</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>258,431</u></b>	<b>\$ <u>257,901</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 366	\$
Deferred revenue	<u>25,000</u>	<u>25,000</u>
<b>TOTAL LIABILITIES</b>	<b>25,366</b>	<b>25,000</b>
 <b>FUND EQUITY</b>		
Fund balances:		
Unreserved - designated	<u>233,065</u>	<u>232,901</u>
<b>TOTAL FUND BALANCE</b>	<b>233,065</b>	<b>232,901</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>258,431</u></b>	<b>\$ <u>257,901</u></b>

See accompanying independent auditors' report.

**CITY OF LODI**  
**DEBT SERVICE FUND**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**June 30, 1992**  
**(with comparative totals for June 30, 1991)**

	<u>1992</u>	<u>1991</u>
<b>REVENUES</b>		
Taxes	\$ 50,568	\$ 50,316
Interest and rental income	2,195	3,023
Miscellaneous revenue	<u>341,615</u>	<u>332,008</u>
Total Revenue	394,378	385,347
 <b>EXPENDITURES</b>		
Debt Service		
Interest and fiscal charges	144,214	93,752
Principal payments	<u>250,000</u>	<u>312,342</u>
Total Expenditures	394,214	406,094
 <b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	164	(20,747)
 <b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>232,901</u>	<u>253,648</u>
 <b>FUND BALANCE, END OF YEAR</b>	\$ <u><u>233,065</u></u>	\$ <u><u>232,901</u></u>

See accompanying independent auditors' report.

SUPPLEMENTAL FINANCIAL STATEMENTS

CAPITAL PROJECT FUNDS



## **OVERVIEW**

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The following funds were used by the City in order to account for the financial resources used in the construction or acquisition of major capital facilities or equipment (with the exception of those financed primarily through special revenue funds and enterprise funds):

### **Capital Outlay Fund**

This fund was established to account for all the City's construction projects and capital purchases in excess of \$10,000 with the exception of those funded through the Equipment Fund and Enterprise Funds. Financing is provided primarily by operating transfers from other funds and from State and Federal grants. For internal control purposes, capital projects are segregated by funding source. These sources include:

- Library Capital
- Subdivision Capital
- Hutchins Street Square Capital
- Master Storm Drain Capital
- Lodi Lake Capital
- General Fund Contributions

### **Equipment Fund**

This fund was established to account for the financing and replacement of equipment for all funds of the City with the exception of the Enterprise Funds. Financing is primarily provided through operating transfers from other funds, interest earnings and sales of surplus property.

## CITY OF LODI

ALL CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET

June 30, 1992

(with comparative totals for June 30, 1991)

	Equipment Fund	Library Capital	Subdivision Capital	Hutchins Street Square Capital	Capital Outlay Reserve	Lodi Lake Capital	Master Storm Drain	Totals	
								1992	1991
<b>ASSETS</b>									
Cash and Investments	\$ 249,789	289,139	719,522	3,721	2,932,004	76,311	625,772	\$ 3,906,258	\$ 4,796,262
Receivables (net of allowance for uncollectibles):									
Accounts				76,100	479	1,179		79,758	229,507
Loan				170,000		10,500		180,500	
Interest						1,087		1,087	4,619
Due from other funds or governmental agencies					161,839			161,839	377,400
<b>TOTAL ASSETS</b>	\$ 249,789	289,139	719,522	251,821	3,094,322	89,077	625,772	\$ 4,419,442	\$ 5,499,816

## LIABILITIES AND FUND BALANCE

## LIABILITIES

Accounts payable and other liabilities	\$ 540	104			3,397	186		\$ 4,227	\$ 2,417
Accrued salaries and wages		2,324			741			3,065	502
Due to other funds				248,100	211,000			459,100	482,133
<b>TOTAL LIABILITIES</b>	\$ 540	0	2,428	248,100	215,138	186	0	\$ 464,392	\$ 507,108

## FUND EQUITY

Fund balances:									
Reserved for encumbrances	88,394				43,862	398		132,654	174,475
Unreserved - designated	160,855	289,139	717,094	3,721	1,935,222	88,499	625,772	3,820,396	4,628,235
<b>TOTAL FUND BALANCE</b>	\$ 249,249	289,139	717,094	3,721	1,979,084	88,897	625,772	\$ 3,953,050	\$ 4,802,710
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ 249,789	289,139	719,522	251,821	2,194,322	89,077	625,772	\$ 4,419,442	\$ 5,309,816

See accompanying independent auditors' report.

CITY OF LODI

ALL CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
June 30, 1992  
(with comparative totals for June 30, 1991)

	Equipment Fund	Library Capital Outlay	Subdivision Capital	Hutchins Street Square	Capital Outlay Revenue	Lodi Lake Capital	Master Storm Drain	1992	1991
<b>REVENUES</b>									
Charges for services	413,998	25,043	301,842			30,592		30,592	\$
Interest and rental income						5,173		332,058	441,111
Miscellaneous revenue	413,998	25,043	301,842	170,000	1,643	9,000		598,641	436,409
Total revenue						53,765	0	930,291	887,520
<b>EXPENDITURES</b>									
Current									
General government	1,279								
Capital Outlay	428,910		302,192	196,359	96,561	20,449	71,329	97,640	26,031
Total expenditures	428,188	0	302,192	196,359	452,642	20,449	71,329	1,346,119	1,272,772
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(10,191)	25,043	(350)	3,641	(450,999)	33,316	(71,329)	(473,869)	(181,253)
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating transfers in	4,595		62,670	48,500	22,664	62,798		200,946	471,174
Operating transfers out	(3,481)		(62,670)	(170,000)	(64,640)	(6,921)	(249,024)	(778,727)	(6,495)
Total other financing sources (uses)	1,114	0	0	(121,500)	(41,976)	55,875	(249,024)	(375,791)	467,679
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(9,077)	25,043	(350)	(117,859)	(512,955)	88,892	(323,353)	(649,660)	86,426
<b>FUND BALANCE, BEGINNING OF YEAR</b>	258,236	364,096	717,443	121,580	2,492,139		949,126	4,802,710	4,716,284
<b>FUND BALANCE, END OF YEAR</b>	249,159	289,139	717,094	3,721	1,979,184	88,892	623,772	3,953,050	4,802,710

See accompanying independent auditor's report.

SUPPLEMENTAL FINANCIAL STATEMENTS

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ENTERPRISE FUNDS

## **OVERVIEW**

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Enterprise funds are distinguished by their similarity to private sector activities as the intent is to finance or recover the cost of providing services primarily through user charges. As such, the measurement focus is on net income in addition to financial position and changes in financial condition. An accrual basis of accounting with depreciation recorded as an expense, is utilized. Enterprise funds may also be established in order to account for operations under which the City or an outside grantor agency has decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City of Lodi uses the following three enterprise funds:

### **Electric Utility Fund**

This fund was established by the City in order to account for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements and maintenance, and debt service.

### **Sewer Fund**

This fund was established by the City in order to account for the provision of waste water collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not to, administration, operations, maintenance, improvements, and debt service.

### **Water Fund**

This fund was established by the City in order to account for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements, and debt service.

**CITY OF LODI**  
**COMBINING BALANCE SHEET - ENTERPRISE FUNDS**  
**June 30, 1992**  
**(with comparative totals for June 30, 1991)**

	Electric	Sewer	Water	Totals	
				1992	1991
<b>ASSETS</b>					
Cash and Investments	\$ 4,395,361	5,065,420	641,560	\$ 10,102,341	\$ 9,985,258
Restricted assets				0	1,154,605
Receivables (net of allowance for uncollectibles):					
Accounts	1,927,506	160,742	196,841	2,285,089	2,170,430
Water loan			4,253,073	4,253,073	
Interest	74,955	73,520	7,405	155,880	160,634
Due from (to) other funds or governmental agencies	644,000	99,761	55,000	998,761	1,137,333
Inventory	1,506,903	18,607	250,006	1,777,516	1,662,966
Deferred financing costs		271,732		271,732	7,681
Other assets		10,206		10,206	7,881
Fixed assets	9,718,417	29,063,832	6,939,835	47,722,084	40,017,901
<b>TOTAL ASSETS</b>	<b>\$ 18,469,142</b>	<b>34,763,670</b>	<b>14,343,720</b>	<b>\$ 67,576,682</b>	<b>\$ 56,322,881</b>
<b>LIABILITIES AND FUNDEQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable and other liabilities	\$ 615,313	175,377	80,490	\$ 871,180	\$ 1,308,336
Accrued salaries and wages	41,303	14,589	14,738	70,630	55,200
Accrued interest		368,316		368,316	355,395
Due to other funds			633,000	633,000	864,000
Accrued compensated absences	454,733	213,376	71,412	739,521	652,251
Water loan payable			4,758,000	4,758,000	652,251
Certificates of participation payable net of discount		10,670,598		10,670,598	8,746,213
<b>TOTAL LIABILITIES</b>	<b>1,111,348</b>	<b>11,442,256</b>	<b>5,557,640</b>	<b>18,111,244</b>	<b>12,633,646</b>
<b>FUNDEQUITY</b>					
Retained earnings	17,357,792	23,321,564	8,786,080	49,465,436	44,335,605
<b>TOTAL FUNDEQUITY</b>	<b>17,357,792</b>	<b>23,321,564</b>	<b>8,786,080</b>	<b>49,465,436</b>	<b>44,335,605</b>
<b>TOTAL LIABILITIES AND FUNDEQUITY</b>	<b>\$ 18,469,142</b>	<b>34,763,670</b>	<b>14,343,720</b>	<b>\$ 67,576,682</b>	<b>\$ 56,969,251</b>

See accompanying independent auditors' report.

CITY OF LOUI

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS - ALL ENTERPRISE FUNDS  
June 30, 1992  
(with comparative totals for June 30, 1991)

	Electric	Sewer	Water	Totals	1991
<b>OPERATING REVENUES</b>					
Charges for services	\$ 34,596,322	3,406,066	2,659,693	\$ 40,662,101	\$ 35,454,700
<b>OPERATING EXPENSES</b>					
Personal services	2,264,764	1,064,558	785,439	4,054,761	3,546,119
Supplies, materials and services	2,485,302	1,055,175	219,349	3,760,126	2,990,219
Utilities and communications	26,679,667	330,720	551,985	27,562,372	25,090,615
Depreciation	846,900	775,961	363,322	1,986,203	1,919,960
Benefit payments	14,203	4,056	2,029	20,288	179,346
<b>TOTAL OPERATING EXPENSES</b>	<u>32,290,836</u>	<u>3,170,792</u>	<u>1,924,114</u>	<u>37,385,752</u>	<u>33,668,259</u>
<b>NET OPERATING INCOME</b>	2,307,486	235,294	735,569	3,278,349	1,786,441
<b>NONOPERATING REVENUES</b>					
Sewer bond taxes		177,221		177,221	160,021
Interest net	305,094	(231,194)	12,073	85,973	743,853
Rent	16,622	165,028	59,362	241,012	202,669
Other	244,300	424,273	83,240	751,813	730,450
<b>TOTAL NONOPERATING REVENUES</b>	<u>566,016</u>	<u>355,328</u>	<u>134,675</u>	<u>1,256,019</u>	<u>1,837,013</u>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	2,873,502	770,622	870,244	4,514,368	3,643,454
<b>Operating Transfers net</b>	<u>(2,741,392)</u>	<u>(565,763)</u>	<u>(784,709)</u>	<u>(3,891,863)</u>	<u>(3,491,066)</u>
<b>Net income (loss) before extraordinary loss</b>	130,110	404,859	105,536	640,505	150,388
<b>Extraordinary loss</b>			(1,028,100)	(1,028,100)	
<b>Net income (loss) after extraordinary loss</b>	130,110	(623,241)	105,536	(387,595)	150,388
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	25,008,737	13,401,563	5,625,506	44,335,606	44,185,218
<b>Adjustment for fixed assets</b>	(8,081,055)	10,543,442	3,055,038	5,517,425	
<b>RETAINED EARNINGS - END OF YEAR</b>	<u>17,357,792</u>	<u>23,321,564</u>	<u>8,786,080</u>	<u>49,465,436</u>	<u>44,335,606</u>

See accompanying independent auditors' report.

CITY OF LODI  
Combining Statements of Cash Flows  
Enterprise Funds  
Year Ended June 30, 1992

	Electric	Sewer	Water	Total Enterprise	Internal Service	Totals Memorandum Only
Cash flows from operating activities:						
Operating income	2,307,486	235,294	735,569	3,278,349	(1,115,570)	2,162,779
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	846,900	775,981	343,322	1,966,203		1,986,203
Change in assets and liabilities:						
Increase in loans receivable			(4,253,073)	(4,253,073)		(4,253,073)
(Increase) Decrease in accounts receivable	(107,236)	1,488	(8,910)	(114,658)	488	(114,170)
(Increase) Decrease in interest receivable	(12,128)	1,170	15,712	4,754		4,754
(Increase) Decrease in inventory	(99,936)	2,647	2,731	(94,558)		(94,558)
Increase in deferred financing costs		(271,732)				
Decrease (Increase) in other assets	244	(2,710)	141	(2,325)	(9,567)	(11,892)
Increase in loans payable			4,758,000	4,758,000		4,758,000
Increase (Decrease) in accounts payable and other liabilities	18,134	(499,954)	44,664	(437,156)	2,243	(434,913)
Increase in salaries and wages	10,587	2,420	2,424	15,431	73	15,504
Increase in accrued interest		12,921		12,921		12,921
Increase in accrued compensated absences	48,926	27,144	11,200	87,270		87,270
Increase in accrued insurance claims					602,776	602,776
Decrease (Increase) in due from other funds	293,333	(99,761)	(55,000)	138,572		138,572
Decrease in due to other funds			(231,000)	(231,000)		(231,000)
Net cash provided (used) by operating activities	3,306,310	184,908	1,385,780	5,148,730	(519,557)	4,629,173
Cash flows from noncapital financing activities:						
Operating transfers in (out)	(2,742,392)	(345,763)	(784,708)	(3,893,863)	411,105	(3,482,758)
Increase in nonoperating revenues	183,805	728,997	87,140	999,942		999,942
Net cash provided by non capital financing activities	(2,559,587)	383,234	(697,568)	(2,893,921)	411,105	(2,482,816)
Cash flows from capital financing activities:						
Cash Transferred to Trustee		(9,935,260)		(9,935,260)		(9,935,260)
Net Proceeds of Certificate of Participation Issued		10,941,545		10,941,545		10,941,545
Acquisition and construction of capital assets	(722,099)	(2,273,866)	(1,176,996)	(4,172,961)		(4,172,961)
Payment of Certificate of Participation long-term		(110,000)		(110,000)		(110,000)
Net cash used by capital financing activities	(722,099)	(1,377,581)	(1,176,996)	(3,276,676)	0	(3,276,676)
Cash flows from investing activities:						
Earnings from investments	382,210	(193,667)	67,534	256,077	275,973	532,050
Net cash provided by investing activities	382,210	(193,667)	67,534	256,077	275,973	532,050
Net Increase (Decrease) in cash and cash equivalents	406,834	(1,023,106)	(421,250)	(1,037,522)	167,521	(870,000)
Cash and cash equivalents at beginning of year	3,988,527	6,088,526	1,062,810	11,139,863	1,763,372	12,903,235
Cash and cash equivalents at end of year	4,395,361	5,065,420	641,560	10,102,341	1,930,893	12,033,234

See accompanying notes to the general purpose financial statements.



SUPPLEMENTAL FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

## **OVERVIEW**

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Internal Service Funds are maintained to account for the internal transfer of goods and services between operating units of the City. The purpose of an Internal Service Fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple organizations. The City of Lodi maintain an internal service fund to account for insurance and certain employee benefits.

- Long Term Disability Self Insurance
- Medical Self Insurance
- Employee Benefits (Dental)
- Public Liability and Property Damage
- Workers Compensation Self Insurance

## CITY OF LODI

## COMPARATIVE BALANCE SHEET - INTERNAL SERVICE FUND

June 30, 1992

(with comparative totals for June 30, 1991)

	1992	1991
<b>ASSETS</b>		
Cash and investments		
Receivables (net of allowance for uncollectibles):		
Accounts		531
Interest	27,490	27,429
Other assets	132,060	122,511
<b>TOTAL ASSETS</b>	<b>\$ 2,090,443</b>	<b>\$ 1,913,843</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 21,308	\$ 19,065
Accrued salaries & wages	1,201	1,128
Self insurance reserve	2,048,796	1,446,024
<b>TOTAL LIABILITIES</b>	<b>2,071,305</b>	<b>1,466,217</b>
<b>FUND EQUITY</b>		
Retained earnings	19,138	447,626
<b>TOTAL FUND EQUITY</b>	<b>19,138</b>	<b>447,626</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 2,090,443</b>	<b>\$ 1,913,843</b>

See accompanying Independent auditors' report.

CITY OF LODI

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS - INTERNAL SERVICE FUND  
June 30, 1992  
(with comparative totals for June 30, 1991)

	<u>1992</u>	<u>1991</u>
OPERATING REVENUES		
Charges for services	\$ 881,196	\$ 851,558
OPERATING EXPENSES		
Personal services	133,032	81,940
Supplies, materials, and services	1,569,564	700,907
Benefit payments	<u>294,170</u>	<u>263,174</u>
TOTAL OPERATING EXPENSES	1,996,766	1,046,021
OPERATING LOSS	(1,115,570)	(194,463)
NONOPERATING REVENUES		
Interest revenue	126,601	147,188
Other	<u>149,376</u>	<u>72,719</u>
TOTAL NONOPERATING REVENUES	275,977	219,907
INCOME BEFORE OPERATING TRANSFERS	(839,593)	25,444
Operating transfers, net	<u>411,105</u>	<u>302,705</u>
Net (loss) income	(428,488)	328,149
RETAINED EARNINGS - BEGINNING OF YEAR	<u>447,626</u>	<u>119,477</u>
RETAINED EARNINGS - END OF YEAR	\$ <u>19,138</u>	\$ <u>447,626</u>

See accompanying independent auditors' report.

## SUPPLEMENTAL FINANCIAL STATEMENTS

### TRUST AND AGENCY FUNDS

## **OVERVIEW**

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The City of Lodi has established the following expendable trust and agency funds, which are used to account for funds held by the City in a trustee capacity or as an agent for private individuals, organizations, or other governmental agencies:

### **Expendable Trust Funds**

#### **Hutchins Street Square Bequest**

This fund was established to account for assets held by the City as trustee. The principal and earnings of the trust can be spent by the City in accordance with the trust agreement on behalf of Hutchins Street Square.

### **Agency Funds**

#### **Deferred Compensation Fund**

This fund was established to account for assets held by the City's agent on behalf of City employees under a Section 457 Plan of the Internal Revenue Code.

#### **Special Assessments**

This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property within the Industrial Way Beckman and Turner Cluff Assessment Districts.

CITY OF LODI  
**COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS**  
 June 30, 1992  
 (with comparative totals for June 30, 1991)

	Deferred Compensation	Special Assessments	Hutchins St Request	Totals	
				1992	1991
<b>ASSETS</b>					
Cash and Investments	\$ 3,392,061	362,925	18,826	\$ 3,773,812	\$ 3,641,067
Receivables (net of allowance for uncollectibles):					
Accounts			1,192	1,192	5,000
Interest		5,201	280	5,481	6,140
<b>TOTAL ASSETS</b>	<u>\$ 3,392,061</u>	<u>368,126</u>	<u>20,298</u>	<u>\$ 3,780,485</u>	<u>\$ 3,652,207</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable and other liabilities	\$	368,126		\$ 368,126	\$ 342,175
Deferred compensation funds	<u>3,392,061</u>			<u>3,392,061</u>	<u>3,420,817</u>
<b>TOTAL LIABILITIES</b>	<u>3,392,061</u>	<u>368,126</u>	<u>0</u>	<u>3,780,187</u>	<u>3,763,002</u>
<b>FUND BALANCE</b>					
Fund equity (deficit) unreserved - designated			20,298	20,298	(3,333)
<b>TOTAL FUND BALANCE</b>	<u>0</u>	<u>0</u>	<u>20,298</u>	<u>20,298</u>	<u>(3,333)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 3,392,061</u>	<u>368,126</u>	<u>20,298</u>	<u>\$ 3,780,485</u>	<u>\$ 3,759,669</u>

See accompanying independent auditors' report.

CITY OF LODI

MISCELLANEOUS EXPENDABLE TRUST FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
June 30, 1992  
(with comparative totals for June 30, 1991)

	1992	1991
REVENUES		
Interest and rental income		
Miscellaneous revenue	146	642
Total revenue	17,542	642
EXPENDITURES		
Current		
Capital outlay	(3,742)	4,341
Total expenditures	(3,742)	4,341
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	31,284	(3,743)
FUND BALANCE, BEGINNING OF YEAR	(3,533)	170
FUND BALANCE, END OF YEAR	20,751	(3,573)

See accompanying Independent auditors' report.



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## GENERAL LONG-TERM DEBT

## OVERVIEW

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### **General Fixed Assets Account Group**

All of the City's fixed assets of a tangible nature, except those relating to the proprietary fund types, are accounted for in this Account Group. As these assets are not financial resources available for expenditure or appropriation, they are not accounted for with Governmental Funds, but as an account group, and exist solely as accounting records of the City's fixed assets. The City's general fixed assets have been accounted for at cost, and do not include public domain or infrastructure fixed assets such as roads, bridges, storm drains, or sidewalks, as these assets are immovable and only of value to the City of Lodi.

### **General Long Term Liability Group**

All of the City's long term liabilities (non-current debt), except those relating to the proprietary funds, are accounted for in this Account Group. These liabilities are backed by the full faith and credit of the City, which means that the debt is secured by the general taxing authority of the City. Included in long-term debt are:

- Debt instruments
- Bond Anticipation Notes
- Demand bonds
- Loss contingencies
- Compensated absences
- Special termination benefits
- Leases
- Pensions

CITY OF LODI

COMPARATIVE SCHEDULE OF GENERAL LONG-TERM DEBT  
June 30, 1992  
(with comparative totals for June 30, 1991)

	1992	1991
Amount to be provided for retirement of general long-term debt obligations		
Compensated absences	\$ 2,732,659	2,409,527
Bond redemption	1,211,041	1,530,363
Capitalized lease obligation	441,534	541,345
Special assessment district bonds	233,065	232,901
Total	\$ 4,618,299	4,714,136

General Long-term Debt

Compensated absences	\$ 2,732,659	2,409,527
General obligation bond payable	1,205,000	1,530,363
Special assessment bonds with government commitment	239,106	232,901
Capitalized lease obligation	441,534	541,345
Total	\$ 4,618,299	4,714,136

See accompanying independent auditors' report.

# CITY OF LODI

## SCHEDULE OF GENERAL FIXED ASSETS for the year ended June 30, 1992

General fixed assets:		
Land	\$	16,377,124
Buildings and improvements		22,726,251
Machinery and equipment		2,181,633
Vehicles		2,002,181
Capital lease assets		766,301
Total	\$	44,053,490

See accompanying Independent auditors' report.

# STATISTICAL TABLES

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UNAUDITED

**CITY OF LODI**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Total</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental</u>	<u>Charges for Services</u>	<u>Fines, Forfeits and Penalties</u>	<u>Use of Money &amp; Property</u>	<u>Misc Revenue</u>
1982-83	12,374	6,229	234	2,048	1,768	278	1,022	795
1983-84	13,538	7,843	241	1,472	1,976	254	980	772
1984-85	15,700	7,248	365	3,290	2,235	164	2,052	346
1985-86	17,052	7,724	367	4,035	2,390	216	2,048	272
1986-87	17,344	8,297	371	3,592	2,478	311	1,667	628
1987-88	17,992	9,079	427	3,067	3,027	316	1,675	401
1988-89	19,469	9,393	470	3,261	3,770	338	1,558	679
1989-90	21,238	10,409	460	3,984	3,966	282	1,438	699
1990-91	22,454	10,623	545	4,134	4,062	341	1,407	1,342
1991-92	24,987	11,556	420	5,213	5,003	252	1,385	1,157

General Governmental Expenditures includes General, Special Revenue, Debt Service and Capital Projects Funds. Excludes Expendable Trusts.

SOURCE: City Finance Department

CITY OF LODI  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Amount in Thousands)

<u>Fiscal Year</u>	<u>Total</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Sanitation</u>	<u>Library</u>	<u>Parks &amp; Recreation</u>	<u>Debt Service</u>	<u>Capital Outlay</u>
1982-83	13,825	1,731	4,206	1,772	1,281	445	1,141	724	2,525
1983-84	15,441	1,707	4,559	1,883	1,523	474	1,230	454	3,611
1984-85	17,231	2,004	4,954	1,760	1,669	610	1,520	457	4,257
1985-86	18,751	2,296	5,462	2,048	1,824	695	1,394	524	4,508
1986-87	19,164	2,346	6,098	1,991	2,202	635	1,503	451	3,938
1987-88	20,857	3,082	6,796	2,182	2,757	654	1,695	456	3,235
1988-89	23,775	2,837	7,574	4,448	3,164	738	2,084	475	2,457
1989-90	23,567	3,839	7,956	3,284	3,385	788	2,265	399	1,651
1990-91	26,137	4,209	9,141	4,301	3,449	904	2,485	406	1,242
1991-92	28,204	5,186	9,903	4,204	3,424	949	2,632	395	1,513

General Governmental Expenditures includes General, Special Revenue, Debt Service and Capital Projects Funds. Excludes Expendable Trusts.

SOURCE: City Finance Department



**CITY OF LODI**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales &amp; Use</u>	<u>Transient Occupancy</u>	<u>Franchise</u>	<u>Documentary Transfer</u>	<u>Motor Veh . In Lieu</u>	<u>Cigarette</u>	<u>Business License</u>	<u>Total (1)</u>
1982-83	1,942	2,693	62	133	35	186	121	66	5,238
1983-84	1,928	3,249	63	141	56	188	122	74	5,821
1984-85	2,190	3,449	71	164	61	924	128	78	7,065
1985-86	2,392	3,616	76	177	72	1,181	133	78	7,725
1986-87	2,762	3,925	110	155	83	1,298	133	85	8,551
1987-88	3,158	4,264	119	164	85	1,460	123	89	9,462
1988-89	3,356	4,526	136	192	100	1,666	117	91	10,184
1989-90	3,902	4,970	144	210	112	1,746	107	96	11,287
1990-91	4,348	4,962	151	238	98	1,787	90	93	11,767
1991-92	4,620	4,909	200	235	79	1,799	43	95	11,980

(1) Credited to General Fund.

SOURCE: City Finance Department State Controller Report

CITY OF LODI  
SECURED TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Year's Tax Collections</u>	<u>Percent of Collections to Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
1982-83	2,104	1,574	74.8%	29	1,603	76.2%
1983-84	2,248	1,710	76.1%	86	1,796	79.9%
1984-85	2,273	1,935	85.1%	99	2,034	89.5%
1985-86	2,545	2,133	83.8%	97	2,230	87.6%
1986-87	2,883	2,404	83.4%	112	2,516	87.3%
1987-88	3,153	2,693	85.4%	191	2,884	91.5%
1988-89	3,569	2,886	80.9%	90	2,976	83.4%
1989-90	3,985	3,296	82.7%	204	3,500	87.8%
1990-91	4,286	3,847	89.8%	351	4,198	97.9%
1991-92	4,175	4,105	98.3%	169	4,274	102.4%

SOURCE: City Finance Department

**CITY OF LODI**  
**ASSESSED FULL CASH VALUE OF ALL TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
(Amount in Thousands)

<u>Fiscal Year</u>	<u>Secured Roll</u>	<u>Mineral</u>	<u>Utility Roll</u>	<u>Unsecured Roll</u>	<u>Tax Roll</u>	<u>Less Exemptions</u>	<u>Net Assessed Value</u>
1982-83	880,404		29,632	50,767	960,803	100,569	860,234
1983-84	939,821		31,455	54,728	1,026,004	101,021	924,983
1984-85	1,054,386		32,779	61,812	1,148,977	103,827	1,045,150
1985-86	1,171,959		36,845	67,723	1,276,527	105,657	1,170,870
1986-87	1,323,239		39,917	72,211	1,435,367	110,029	1,325,338
1987-88	1,442,628		41,897	83,883	1,568,408	123,842	1,444,566
1988-89	1,615,433		4,294	89,342	1,709,069	127,256	1,581,813
1989-90	1,799,281	72	4,190	116,232	1,919,775	143,267	1,776,508
1990-91	1,948,698	12	2,712	99,114	2,050,536	145,148	1,905,388
1991-92	1,945,238	12	2,748	102,727	2,050,725	88,774	1,961,951

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Total</u>	<u>Less Exemptions</u>	<u>Net Assessed Value</u>
1982-83	221,771	655,511	83,521	960,803	100,569	860,234
1983-84	240,379	702,890	82,735	1,026,004	101,021	924,983
1984-85	266,250	781,446	101,281	1,148,977	103,827	1,045,150
1985-86	303,161	870,166	103,200	1,276,527	105,657	1,170,870
1986-87	338,484	972,458	124,425	1,435,367	110,029	1,325,338
1987-88	374,723	1,059,697	133,988	1,568,408	123,842	1,444,566
1988-89	415,277	1,118,903	174,889	1,709,069	127,256	1,581,813
1989-90	459,095	1,237,487	223,193	1,919,775	143,267	1,776,508
1990-91	507,046	1,358,841	184,649	2,050,536	145,148	1,905,388
1991-92	561,505	1,461,124	180,665	2,203,294	88,774	2,114,520

SOURCE: San Joaquin County Assessor's Office  
City Finance Office Central Files - Property Taxes

CITY OF LODI  
PROPERTY TAX RATES -- ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Basic County-Wide Levy</u>	<u>City</u>	<u>School</u>	<u>All Other</u>
1982-83	1.0000	0.0195	0.0623	0.9182
1983-84	1.0000	0.0198	0.0628	0.9174
1984-85	1.0000	0.0205	0.0636	0.9159
1985-86	1.0000	0.0209	0.0636	0.9155
1986-87	1.0000	0.0221	0.0651	0.9128
1987-88	1.0000	0.0226	0.0653	0.9121
1988-89	1.0000	0.0245	0.0657	0.9095
1989-90	1.0000	0.0240	0.0659	0.9101
1990-91	1.0000	0.0240	0.0659	0.9101
1991-92	1.0000	0.0235	0.0657	0.9108

SOURCE: San Joaquin County Auditor/Controller's Office

**CITY OF LODI**  
**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Total Collection As Percent of Current Assessments Due</u>	<u>Total Outstanding Current and Delinquent Assessments</u>
1982-83	346	161	46.5%	185
1983-84	284	270	95.1%	14
1984-85	315	299	94.9%	16
1985-86	308	277	89.9%	31
1986-87	294	263	89.5%	31
1987-88	284	277	97.5%	7
1988-89	269	247	91.8%	22
1989-90	183	177	96.7%	6
1990-91	182	178	97.8%	4
1991-92	178	140	78.7%	38

SOURCE: City Finance Department

CITY OF LODI  
RATIO OF NET GENERAL BONDED DEBT  
TO TAXABLE ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)

Fiscal Year	Population	Gross Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenue	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1982-83	36,928	960,803	4,065		4,065	0.4231%	110.08
1983-84	38,318	1,026,004	4,141		4,141	0.4036%	108.07
1984-85	39,475	1,148,977	3,822		3,822	0.3326%	96.82
1985-86	41,281	1,276,527	3,482		3,482	0.2728%	84.35
1986-87	43,293	1,435,367	3,133		3,133	0.2183%	72.37
1987-88	45,794	1,568,408	2,759		2,759	0.1759%	60.25
1988-89	48,042	1,709,069	11,287	8,917	2,370	0.1387%	49.33
1989-90	49,221	1,919,775	10,912	8,834	2,078	0.1082%	42.22
1990-91	52,539	2,050,536	10,247	8,746	1,501	0.0732%	28.57
1991-92	53,000	2,050,725	12,375	11,170	1,205	0.0588%	22.74

SOURCE: State Controller's Office  
City Finance Department

CITY OF LODI  
COMPUTATION OF DIRECT AND OVERLAPPING GENERAL BONDED DEBT  
JUNE 30, 1992

	Total G.O. Bond Debt	Percent Applicable	City's Share of Debt
DIRECT DEBT:			
GENERAL OBLIGATION BONDS	1,205,000	100.00%	1,205,000
CERTIFICATE OF PARTICIPATION	11,170,000	100.00%	11,170,000
OVERLAPPING DEBT:			
NONE	0		0
Total	12,375,000		12,375,000

DEBT RATIOS JUNE 30, 1992	
Ratio of Direct Overlapping Debt to Assessed Full Cash Value =	12,375,000/2,050,725,000
Direct and Overlapping Debt Per Capita =	12,375,000/53,000
Taxable Assessed Full Cash Values Per Capita =	2,050,725,000/53,000
	0.60%
	\$234
	\$38,693

SOURCE: City Finance Department

CITY OF LODI  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 1992

Assessed Full Cash Value as of June 30, 1992 (1)	<u>2,050,725,000</u>
Debt Limit - 15 Percent of Assessed Full Cash Value (2)	<u>307,608,750</u>
Amount of Debt Applicable to Debt Limit	
LEGAL DEBT MARGIN	<u>307,608,750</u>

- (1) Assessed Value before exemptions applicable to 1989-90 Tax Roll  
(2) Section 43605 California Government Code

SOURCE: San Joaquin County Auditor/Controller's Office  
City Finance Department



CITY OF LODI

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES  
LAST TEN FISCAL YEARS**

(Amount in Thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Percent of Debt Service to General Fund Expenditures</u>
1982-83	106	71	177	9,285	1.91%
1983-84	108	67	175	10,481	1.67%
1984-85	112	62	174	11,696	1.49%
1985-86	119	58	177	12,840	1.38%
1986-87	121	54	175	14,041	1.25%
1987-88	130	49	179	15,988	1.12%
1988-89	132	43	175	17,917	0.98%
1989-90	136	38	174	19,140	0.91%
1990-91	145	33	178	21,704	0.82%
1991-92	147	27	174	23,251	0.75%

SOURCE: City Finance Department

CITY OF LODI  
REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Current Fiscal Year's Debt Service Requirements			
				Principal	Interest	Total	Coverage
1982-83	1,293,430	814,852	478,578			0	0.00
1983-84	1,101,960	912,027	189,933			0	0.00
1984-85	1,810,879	884,878	926,101			0	0.00
1985-86	1,877,451	1,118,111	759,340			0	0.00
1986-87	2,378,602	1,395,754	982,848			0	0.00
1987-88	3,522,881	2,100,973	1,421,908	210,597	70,367	280,964	5.06
1988-89	4,361,188	1,557,995	2,803,193	401,420	238,125	639,545	4.38
1989-90	4,258,668	1,545,376	2,713,290	751,782	139,073	890,855	3.05
1990-91	4,469,892	2,472,929	1,996,963	726,179	248,991	975,170	2.05
* 1991-92	4,137,375	3,359,251	778,124	0	120,873	120,873	6.44

\* See footnote on refinancing of COP  
SOURCE: City of Lodi Finance Department

**CITY OF LODI**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Square Miles</u>	<u>Population</u>	<u>Population Percent Change</u>	<u>San Joaquin County Population</u>	<u>City Population Percent of County</u>	<u>Rank In Size of California Cities</u>
1982-83	8.76	36,928	3.8%	369,300	10.0%	121
1983-84	8.76	38,318	3.6%	381,500	10.0%	119
1984-85	9.04	39,475	3.0%	390,638	10.1%	118
1985-86	9.30	41,281	4.6%	407,500	10.1%	116
1986-87	9.30	43,293	4.9%	423,154	10.2%	115
1987-88	9.45	45,794	5.8%	435,700	10.5%	113
1988-89	9.45	48,042	4.9%	451,000	10.7%	112
1989-90	9.45	49,221	2.5%	460,227	10.7%	111
1990-91	10.70	52,539	6.7%	470,934	11.2%	113
1991-92	11.30	53,000	0.9%	480,628	11.0%	113

**SOURCE: State of California, Department of Finance, Demographic Research Unit.  
City Finance Department Budget**

CITY OF LODI  
CONSTRUCTION ACTIVITY  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Number of Building Permits Issued</u>	<u>Percent Change</u>	<u>Estimated Valuation (in thousands)</u>	<u>Percent Change</u>
1981	551	4.95%	26,382	4.73%
1982	708	28.49%	31,154	18.09%
1983	937	32.34%	36,383	16.78%
1984	983	4.91%	38,199	4.99%
1985	1079	9.77%	74,812	95.85%
1986	1230	13.99%	65,363	-12.63%
1987	1249	1.54%	70,828	8.36%
1988	1218	-2.48%	56,660	-92.01%
1989	1332	9.36%	50,938	-10.10%
1990	1279	-3.98%	40,634	-20.23%
1991	1300	1.64%	27,009	-33.53%

SOURCE: City Community Development Department

**CITY OF LODI**  
**BANK DEPOSITS**  
**LAST TEN FISCAL YEARS**  
(Amount in Millions)

<u>Fiscal Year</u>	<u>BANKS</u>	<u>SAVINGS AND LOANS</u>	<u>CREDIT UNIONS</u>
1982/83	307,183	141,092	3,635
1983/84	345,628	253,985	4,642
1984/85	389,792	573,196	6,022
1985/86	436,060	1,058,496	9,220
1986/87	458,250	980,062	12,439
1987/88	480,454	1,228,694	15,418
1988/89	492,636	282,339	14,111
1989/90	540,545	267,501	12,813
1990/91	691,677	183,936	12,465
1991/92	649,252	198,756	13,993

**SOURCE:** California State Department of Banking -  
Licensing & Statistics Section

**CITY OF LODI**

**PRINCIPAL EMPLOYERS  
JUNE 30, 1992**

Employer	Activity	Employees
Lodi Unified School Dist.	Education	2,247
General Mills	Cereals and Food Mixes	897
Pacific Coast Producers	Can Manufacturer and Cannery	300-1500
Lodi Memorial Hospital	Health Care	650
City of Lodi	Government	380
Valley Industries	Trailer Hitches	300
Guild Winery	Wines, Brandy and Champagne	212
Claude C. Wood Co.	Building materials, cement	190
Interlake/Lodi Fab	Machine Fabrication	185
Farmers and Merchants Bank	Banking	183
RM Holtz	Rubber Products	170
Mervyn's	Retail	170

**SOURCE:** City of Lodi

**CITY OF LODI**  
**SURETY BONDS OF PRINCIPAL OFFICIALS**  
**JUNE 30, 1992**

City Manager	\$500,000
Assistant City Manager	500,000
City Attorney	500,000
City Clerk	500,000
Public Works Director	500,000
Police Chief	500,000
Fire Chief	500,000
Finance Director	500,000
Community Development Director	500,000
Electric Utilities Director	500,000
Community Center Director	500,000
Parks and Recreation Director	500,000
Personnel Director	500,000

City employees are covered by a commercial fidelity bond amounting to a maximum of \$500,000 per loss.

SOURCE: City Finance Department

CITY OF LODI  
GANN APPROPRIATION LIMITATION  
as of 6/30/92

<u>FISCAL YEAR</u>	<u>LIMIT BASE</u>	<u>CPI or INCOME</u>	<u>POPULATION GROWTH</u>	<u>GROWTH FACTOR</u>	<u>APPROPRIATION LIMITATION</u>	<u>BUDGET SUBJECT TO LIMIT</u>	<u>VARIANCE</u>
1982/83	15,198,951	1.0912	1.0196	1.1126	16,855,637	*	16,855,637
1983/84	16,855,637	1.0235	1.0399	1.0643	17,939,454	*	17,939,454
1984/85	17,939,454	1.0474	1.0363	1.0854	19,471,483	*	19,471,483
1985/86	19,471,483	1.0374	1.0404	1.0793	21,015,572	11,066,825	9,948,747
1986/87	21,015,572	1.0538	1.0230	1.0781	22,654,787	15,386,513	7,268,274
1987/88	22,654,787	1.0304	1.0572	1.0894	24,782,072	*	24,782,072
1988/89	24,782,072	1.0393	1.0496	1.0908	27,223,106	16,178,704	11,044,402
1989/90	27,223,106	1.0498	1.0252	1.0763	29,357,398	16,746,795	12,610,603
1990/91	29,357,398	1.0421	1.0226	1.0657	31,286,179	17,847,059	13,439,120
1991/92	31,286,179	1.0414	1.0264	1.0689	33,441,797	22,048,696	11,393,101

\* Not available

SOURCE: City Finance Department, Central Files



**CITY OF LODI  
PERSONNEL AUTHORIZED LAST TEN YEARS  
JUNE 30, 1992**

<u>DEPARTMENT</u>	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>	<u>1988/89</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>
Administration	9	9	10	12	12	12	13	15	17	17
Community Development	8	8	10	10	11	11	11	11	11	11
Electric Utility	27	27	28	28	31	31	37	39	41	41
Finance Department	26	27	28	28	32	34	35	38	40	40
Fire Department	50	48	48	48	48	48	49	49	49	49
Library	11	11	13	13	13	13	14	14	15	15
Parks & Recreation	21	26	26	26	28	29	31	32	34	34
Police Department	66	70	72	75	84	91	94	98	104	105
Public Works Department	67	67	69	73	76	80	81	90	95	95
Total	<u>285</u>	<u>293</u>	<u>304</u>	<u>313</u>	<u>335</u>	<u>349</u>	<u>365</u>	<u>386</u>	<u>406</u>	<u>407</u>

SOURCE: City of Lodi Finance Department